

**FISCAL YEAR 2009  
MONITORING REPORT ON THE  
VOCATIONAL REHABILITATION AND  
INDEPENDENT LIVING PROGRAMS  
IN THE STATE OF  
MISSOURI**



**U.S. DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND  
REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION**

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## EXECUTIVE SUMMARY

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The Rehabilitation Services Administration (RSA) reviewed the performance of the following programs authorized by the *Rehabilitation Act of 1973*, as amended (the Act) in the state of Missouri (MO):

- the vocational rehabilitation (VR) program, established under Title I;
- the supported employment (SE) program, established under Title VI, part B;
- the independent living (IL) program, authorized under Title VII, part B; and
- the independent living services program for older individuals who are blind (OIB), established under Title VII, Chapter 2.

### Missouri Administration of the VR, SE, IL and OIB Programs

In Missouri, the Division of Vocational Rehabilitation (MDVR), located within the Department of Elementary and Secondary Education (DESE), provides VR and SE program services to individuals with disabilities, except those who are blind and visually impaired. The Rehabilitation Services for the Blind (RSB), located within the Department of Social Services, Family Support Division (DSS), provides VR and SE services to individuals with visual disabilities. MDVR is primarily responsible for the administration of the IL program and RSB administers the OIB program.

### MDVR's Performance Over the Past Five Years

From FY 2003 to FY 2007, MDVR's employment rate decreased from 79 percent to 68 percent. In addition, the number of new applicants decreased from 19,615 to 15,809 and the number of individuals served decreased from 19,427 to 15,785. During the same period, the average hourly earnings increased from \$8.63 to \$9.57.

For the same period, of those individuals who achieved an employment outcome, the number who achieved a SE outcome increased by 103, from 214 to 317. The average hourly wages for these individuals also increased from \$6.41 to \$7.13.

Either directly, or through grants or contracts with centers for independent living (CILs) and other service providers, the number of individuals that MDVR's IL Program served decreased from 16,494 to 14,126.

**Strengths and Challenges:** RSA identified the following programmatic strengths that contributed to MDVR's performance, as well as the challenges the agency faced in its efforts to improve program performance.

**Strengths:**

- management and supervisory personnel have remained stable with little turnover enabling them to provide consistent guidance to VR counselors and other staff;
- using a variety of techniques to provide services, including dedicated transition units in its largest field offices, to serve a high percentage of transition-age youths;
- initiating a program of individual leadership that serves to develop and support the skills and expertise of VR staff and to maximize the human resources needed to improve the quality of services to eligible individuals with disabilities;
- developing strong relationships with community providers and its stakeholders, involving these groups in program and policy development; and
- providing consistent and quality oversight of state and Title VII, Part B, funds, helping the IL community to obtain a large amount of state funding.

**Challenges:**

- obtaining and using use data in a timely and efficient manner to manage its programs;
- training management, supervisors, counselors and other staff to use the new case management system;
- developing performance based contracts that improve the accountability and performance of community rehabilitation programs (CRPs);
- identifying and addressing the reasons that cause a large percentage of eligible individuals to exit the VR program before receiving services;
- employing a sufficient number of fiscal staff to manage CRP contracts or authorizations for services;
- integrating fiscal and case management systems;
- integrating program and fiscal oversight responsibilities; and
- ensuring that Title I funds are only used for VR program purposes to benefit applicants or consumers of services.

**RSB's Performance Over the Past Five Years**

From FY 2003 to FY 2007, RSB's employment rate increased from 53 percent to 76 percent. During this period, the number of new applicants decreased from 598 to 513 and the number of individuals served decreased from 1,536 to 1,506 individuals. The average hourly earnings for individuals who achieved employment increased from \$12.32 to \$13.57.

For the same period, of those individuals who achieved an employment outcome, the number who achieved a SE outcome increased by one, from one to two. The average hourly wages for these individuals decreased from \$9.00 to \$6.46.

Either directly, or through grants or contracts with centers for independent living (CILs) and other service providers, the number of individuals that RSB's OIB Program served increased from 1,730 to 1,842.

**Strengths and Challenges:** RSA identified the following programmatic strengths that contributed to RSB's improved performance, as well as the challenges the agency faced in its efforts to improve program performance.

**Strengths:**

- providing support for individuals who pursue self-employment as a vocational goal;
- providing rehabilitation technology services; and
- providing transportation services to address transportation issues in a largely rural state.

**Challenges:**

- the effective transition from a paper-based program and fiscal management system to a computerized system;
- providing comprehensive and ongoing professional development and training to VR and IL staff to ensure the delivery of quality VR and IL services;
- providing the agency's VR counselors, orientation and mobility instructors and rehabilitation teachers with the means to communicate and share best practices on a regular basis;
- identifying the reasons that cause a large percentage of eligible individuals to exit the VR program before receiving services;
- maximizing Title VI resources to expand the agency's supported employment program;
- prioritizing staff resources for service delivery among the VR, IL, and OIB programs;
- ensuring that Title 1 funds are used for VR program purposes to benefit applicants or consumers of services; and
- ensuring accurate fiscal reporting and proper fiscal planning for services.

## INTRODUCTION

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Section 107 of the Act requires the commissioner of the RSA to conduct annual reviews and periodic on-site monitoring of programs authorized under Title I of the Act to determine whether a state VR agency is complying substantially with the provisions of its state plan under section 101 of the Act and with the evaluation standards and performance indicators established under section 106. In addition, the commissioner must assess the degree to which VR agencies are complying with the assurances made in the state plan Supplement for Supported Employment under Title VI part B of the Act and programs offered under Title VII of the Act are substantially complying with their respective state plan assurances and program requirements.

In order to fulfill its monitoring responsibilities, RSA:

- reviews the state agency's performance in assisting eligible individuals with disabilities to achieve high-quality employment and independent living outcomes;
- identifies strengths and challenges in the VR and IL programs;
- identifies areas of consistently high or improved performance;
- highlights challenges and areas of performance that need improvement;
- recommends strategies to improve performance;
- requires corrective actions in response to compliance findings; and
- provides technical assistance (TA) to the state agency in order to improve its performance, meet its goals, and fulfill its state plan assurances.

### Scope of the Review

RSA reviewed the performance of the following programs of the Act:

- the VR program, established under Title I;
- the SE program, established under Title VI, part B;
- the IL programs authorized under Title VII, part B; and
- the OIB program, established under Title VII, Chapter 2.

### Appreciation

RSA wishes to express appreciation to the representatives of the DESE, DSS, MDVR, RSB, the SRC, SILC, and the stakeholders who assisted the RSA monitoring team in the review of MDVR and RSB.

## **CHAPTER 1: RSA'S REVIEW PROCESS**

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### **Data Used During the Review**

RSA's data collections are finalized and available at different times throughout the year. RSA's review of MDVR and RSB began in the fall of 2008 and ended in the summer of 2009. When FY 2008 data became available toward the end of the review period, and if these data signaled a significantly different level of performance than the previous five year trend, RSA included the FY 2008 data in the report. Otherwise, this report relies primarily on RSA's FY 2007 data collections as the most recent source of data about each agency's performance.

### **Review Activities**

During the review process, the RSA Missouri state team:

- gathered, shared, and reviewed information regarding each program's performance;
- identified a wide range of VR and IL stakeholders and invited them to provide input into the review process;
- conducted two on-site visits (one week for each agency), and held multiple discussions with state agency staff, SRC members, SILC members, and stakeholders;
- provided technical assistance during the review process;
- identified areas of consistently high or improved performance;
- identified promising practices;
- identified areas for improved performance;
- recommended that MDVR and RSB undertake specific actions to improve performance;
- identified compliance findings and required MDVR and RSB to take corrective action;
- in collaboration with MDVR and RSB determined whether RSA would provide technical assistance to improve performance or correct compliance findings; and
- identified issues for further review.

### **RSA Missouri State Team Review Participants**

Members of RSA's Missouri state team included representatives from each of the five functional units within RSA's State Monitoring and Program Improvement Division. The RSA review team consisted of the following individuals: Carol Dobak, Jessica Smith and Brian Miller (Vocational Rehabilitation Program Unit); William Bethel and David Steele (Fiscal Unit); Steve Zwillinger (Data Collection and Analysis Unit); Sean Barrett (Independent Living Unit) and Fred Isbister (Technical Assistance Unit).

### **Information Gathering**

During FY 2009, RSA began its review of MDVR and RSB by analyzing information including, but not limited to, RSA's various data collections, MDVR's VR and IL state plans and RSB's VR plan, and MDVR's and RSB's SRC Annual Reports. After completing its internal review,

the RSA team carried out the following information gathering activities with MDVR and RSB and stakeholders in order to gain a greater understanding of each agency's strengths and challenges:

- conducted numerous teleconferences with VR and IL stakeholders beginning in October, 2008;
- conducted numerous teleconferences with the MDVR and RSB management beginning in October, 2008;
- conducted numerous teleconferences with MDVR and RSB IL program staff, SILC members and administrative staff, and OIB staff; and
- conducted an on-site monitoring review of MDVR from March 2 through 6, 2009, and conducted an on-site review of RSB from April 26 through May 1, 2009; and
- met with the leadership and field staff of each agency, as well as the CAP and PAIR, members of the SILC and SRCs and CRPs.



## CHAPTER 2: MDVR VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

The following table provides data on the performance of MDVR's VR and SE program in key areas from FY 2003 through FY 2007.

**Table 2.1**  
**MDVR VR and SE Programs for FY 2003 through FY 2007**

<b>Program Highlights</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total funds expended on VR and SE	\$68,631,919	\$64,303,017	\$67,012,797	\$66,472,680	\$68,527,863
Individuals whose cases were closed with employment outcomes	5,563	5,259	3,950	4,152	4,280
Individuals whose cases were closed without employment outcomes	1,509	3,232	1,889	1,764	2,045
Total number of individuals whose cases were closed after receiving services	7,072	8,491	5,839	5,916	6,325
Employment rate	78.66%	61.94%	67.65%	70.18%	67.67%
Individuals whose cases were closed with SE outcomes	214	199	242	269	317
New applicants per million state population	3,441.23	2,810.78	2,662.93	2,689.38	2,688.61
Average cost per employment outcome	\$4,315.78	\$5,176.44	\$6,674.78	\$6,668.97	\$6,879.45
Average cost per unsuccessful employment outcome	\$2,956.96	\$3,584.84	\$4,284.27	\$4,529.68	\$4,636.54
Average hourly earnings for competitive employment outcomes	\$8.63	\$8.66	\$9.01	\$9.20	\$9.57
Average state hourly earnings	\$16.24	\$16.54	\$17.19	\$17.75	\$18.32
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	53.14%	52.36%	52.41%	51.83%	52.24%
Average hours worked per week for competitive employment outcomes	32.06	31.73	30.94	30.57	30.78
Percent of transition age served to total served	31.15%	33.60%	35.98%	36.66%	34.42%
Employment rate for transition population served	79.07%	63.02%	70.54%	70.91%	69.59%
Average time between application and closure (in months) for individuals with competitive employment outcomes	19.9	21.5	25.2	24.1	23.1
Performance on Standard 1	Met	Met	Met	Met	Met
Performance on Standard 2	Not Met	Met	Met	Not Met	Met

## **VR and SE Service Delivery**

MDVR provides VR and SE services to applicants and eligible individuals through its 24 district offices found throughout the state. MDVR's administrative office is located in Jefferson City, while its largest district offices are in Kansas City, St. Louis and Springfield. Additionally, MDVR has seven VR Counselors co-located at Missouri community colleges.

## **Order of Selection**

MDVR established an order of selection (OOS) to prioritize the delivery of VR services according to significance of disability on October 1, 2003. The OOS established three priority categories for individuals who are most significantly disabled, significantly disabled, and disabled – Categories I, II, and III respectively. At the time of the on-site review in March, 2009, individuals placed in Category I were moved automatically into active status, while those individuals assigned to Categories II and III were placed on a waiting list, as those categories were both closed. However, individuals with significant disabilities (Category II), were regularly moved from the waiting list to active status on a bi-weekly basis in accordance with MDVR's on-going determinations of its ability to provide services to all eligible individuals.

## **Transition Services**

MDVR staff provide the majority of transition services directly to transition-age youths. VR counselors are assigned to all 524 school districts. There are two designated transition offices located in Kansas City and St. Louis, where the VR counselors have a case load consisting primarily of transition-age youths. In the other field offices, the VR counselors have mixed case loads. The VR counselors who work with transition-age youths visit the local schools at least once in the fall and in the spring to provide outreach to students with IEPs and 504 plans. The VR counselors engage in the following transition services: one-on-one consultations, resource sharing, career fairs, and college nights. They also provide technical assistance to special education personnel on the VR program and participate in IEP meetings.

MDVR has established an ad hoc transition team composed of MDVR staff and special education personnel from the State and local level. The ad hoc transition team focuses on improving and expanding MDVR's database and reporting system to measure transition activities and services and to track transition-age youths served by MDVR.

Through 298 comprehensive transition agreements with 208 school districts, MDVR provides comprehensive transition assessments. Additionally, MDVR has agreements for the cooperative work experiences program, also known as CO-OP, with over 400 school districts in Missouri in which transition-age youths can earn high school credits for summer or part-time jobs. According to MDVR data in FY 2007, 867 transition-age youths were served through CO-OP and 754 achieved successful employment outcomes.

## **Services for the Deaf and Hard-of-hearing**

MDVR has VR counselors who specialize in providing VR and supported employment services to individuals who are deaf. All VR counselors work with individuals with hearing loss. At the time of the RSA on-site review in March, 2009, there were eight VR counselors specializing in services for the deaf, four of whom are deaf. These VR counselors are supervised by a district office manager, and receive annual training at the Missouri School for the Deaf.

## **Community Rehabilitation Programs (CRPs)**

MDVR utilizes a “milestones” approach to paying for contracted services provided by CRPs – 40 percent at referral, 20 percent for job development and 40 percent for job placement. MDVR relies heavily on CRPs to conduct comprehensive evaluations and assessments. To address issues related to CRP service delivery, MDVR established a task force, which includes representatives of CRPs. The task force is charged with the redesign of the agency’s CRP contracts to focus on job placements rather than comprehensive assessments and evaluations.

## **Personnel**

At the time of the review in FY 2009, MDVR employed five regional assistant managers, 24 district managers (one for each district office), and 142 VR counselors.

Most VR counselors work with all disabilities, while some VR counselors develop expertise for specific disabilities such as mental illness, traumatic brain injury (TBI), autism, and deafness. Some VR counselors focus on services to individuals who are transition-age youths, and others specialize in assistive technology (AT), the ticket-to-work program, or self-employment as a vocational goal. In FY 2008, the average caseload for MDVR’s VR counselors was 141.

According to MDVR’s FY 2009 state plan, and confirmed by RSA while on-site, 140 of MDVR’s 142 VR counselors met the agency’s standard to be fully qualified in this position, which is equivalent to the “national standard” established by the Commission for the Certification of Rehabilitation Counselors. The two VR counselors who do not currently meet the standard are in a training program that will lead to their becoming fully qualified, and thus may perform the non-delegable functions of the VR counselor.

To promote professional development, MDVR encourages its VR counselors and staff to take advantage of a variety of training opportunities, many of which are offered online or through remote classrooms.

## **Data Management**

At the time of the review, MDVR had taken steps to replace its current electronic case management system to more fully integrate its program and fiscal data, and was working with the vendor to develop the specifications of the new system. Through this integration, the agency will improve its use of data to identify service delivery issues and enhance its ability to analyze the effectiveness and efficiency of the service delivery system. In addition, the agency intends to

connect the new system with the redesign of its quality assurance processes and to incorporate into the system its business network database. MDVR anticipates that the new system will be fully implemented in FY 2010.

## **Quality Assurance**

MDVR has established a QA team consisting of agency management, office supervisors and senior VR counselors. The work of the QA team is focused on the conduct of office-level service record reviews to ensure compliance with federal requirements and agency policies and to identify individual staff and office training needs. The QA team conducts these reviews at least every two years, drawing from a representative sample of each office's caseload. Office supervisors conduct reviews of VR counselor case loads on a quarterly basis and deliver reports to their regional managers. Finally, MDVR uses the information it obtains through consumer satisfaction surveys of individuals who have exited the program after receiving services to identify staff training needs.

At the time of the review, MDVR was in the process of redesigning its QA system to use the service records to identify agency-wide programmatic issues and training needs. Additionally, the QA team will conduct targeted service record reviews focused on specific disability populations and VR services, such as transition-age youths and postsecondary education. The agency's QA processes will be further enhanced by the incorporation of the information obtained by the QA team into the agency's new electronic case management system, including the development of a database of best practices that will be available to VR counselors and other staff.

MDVR is expanding its QA activities beyond the conduct of service record reviews by improving its performance-based contracts with CRPs and is considering the use of program measures that assess the quality of the outcomes achieved, as well as the quantity of outcomes and timeliness of service delivery.

## **Planning**

MDVR has developed an agency strategic plan covering the period from FY 2008 through FY 2010. The strategic plan includes eight goals, including increasing the provision of assistive technology devices and services to individuals served in the VR program, reducing the time between application and the provision of services and increasing the outcomes achieved by transition-age youths and individuals with autism. The strategic plan includes FY 2008 baseline data by which progress on each goal can be measured, along with strategies to achieve the goals. MDVR incorporated these strategic plan goals and strategies into its FY 2009 VR state plan.

Local field offices develop community-based strategic plans that are linked to the goals identified in the agency-wide strategic plan. In addition, MDVR convenes ad hoc statewide "strategic teams" to address policy, procedure and service delivery issues, including transition services, diversity, professional development and CRP relationships. These teams prepare quarterly and annual reports of team activities and their progress for agency management.

## **VR and SE Program Promising Practices**

RSA's review process solicited input from MDVR and stakeholders about promising practices. The following promising practice was identified:

### **1. Individual leadership Program.**

MDVR has implemented an individual leadership program for its entire staff. This program builds into performance evaluations the expectation that all members of the MDVR staff will identify an area of the program in which they will take a leadership role. This role may be in a service area, a support area, or wherever the individuals feel they can demonstrate or develop leadership abilities. MDVR managers see this as a way to invest all staff in the success of the VR and IL programs, and to maximize its human resources to improve performance. In FY 2008, MDVR implemented this program at the VR counselor level, and planned to fold successive levels of supervisory staff into the program over the course of 2009.

## **VR and SE Program Technical Assistance Provided to MDVR During the Review Process**

RSA provided VR and SE program technical assistance to MDVR during the review process regarding:

- serving individuals who have cases open in other VR agencies;
- establishing measurable goals under MDVR's strategic plan and how to align those goals with the VR state plan goals; and
- the percentage of individuals exiting the VR program with homemaker as a vocational goal.

## **Observations of MDVR and Its Stakeholders about the Performance of the VR and SE Programs**

RSA solicited input from MDVR and a wide range of its stakeholders about the performance of the VR and SE programs. MDVR and its stakeholders shared the following observations:

- eligible individuals are leaving the VR program before receiving services in large numbers, adversely impacting the agency's performance, which is an issue VR managers are beginning to analyze more closely;
- the agency intends to implement a more rigorous quality assurance program to better track the agency's performance;
- as part of this new QA system, the agency is interested in adopting quality performance measures as part of its performance evaluation protocols; and
- CRPs support the agency's intention to shift to a placement-oriented contracting model and desire to be involved in the process.

RSA discussed the observations of the stakeholders with MDVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## Continuing Education Needs of MDVR Staff

RSA solicited input from MDVR to identify the following continuing education needs of its staff:

- development of measurable goals and strategies for inclusion in the agency's state plan and the conduct of statistical analysis;
- quality assurance methodologies and processes, including the expansion of the agency's customer satisfaction survey to include individuals who exit the program in status 12, and focus groups; and
- the identification of fee structures for use in CRP contracts.

## VR and SE Performance Observations and RSA Recommendations

RSA identified the following performance observations and made recommendations to MDVR about those observations. MDVR responded to each of the recommendations and in those instances when RSA and MDVR agreed upon a recommendation, RSA and MDVR identified the technical assistance that RSA would provide to MDVR to successfully implement the recommendation.

### 1. Quality Employment Outcomes

**Observation:** MDVR's performance on quality measures was stable, but flat over the five years from FY 2003 to FY 2007, indicating a need for the agency to track these measures and implement programmatic changes and evaluative tools to improve performance. RSA's quality measures include standard 1 indicators 5 and 6.

- MDVR does not incorporate measures that track the quality of employment outcomes as part of either its performance evaluations for staff or its overall quality assurance program.
- MDVR incorporated performance measures related to the quantity of employment outcomes into its evaluation of VR counselors as well as its quality assurance program. District managers regularly assess the degree to which VR counselors are meeting established performance targets for each office, with particular attention given to the rehabilitation rate – e.g., the ratio of individuals who exit the program with employment outcomes compared to those who exit without employment outcomes after receiving services.
- The agency uses RSA's performance Standard 1 as its baseline for measuring outcomes. Specifically, MDVR looks at its performance on Indicators 1.1, 1.2, 1.3, and 1.4, which measure the number of employment outcomes, the rehabilitation rate, the number of individuals who achieve a competitive employment outcome, and the percentage of those who achieve a competitive employment outcome who have significant disabilities, respectively.
- MDVR has not incorporated into its quality assurance or VR counselor appraisal system RSA's Standard 1 indicators that measure the quality of employment outcomes, specifically, Indicator 1.5, the ratio of the average VR wage to the average state wage, and Indicator 1.6, the percentage difference between individuals who report their income as their primary source of support at application compared to when they exit the program with an

employment outcome. The agency does include 1.5 and 1.6 in its quarterly “statuses to date” (STD) reports, however.

- Similarly, MDVR does not routinely use other quality measures as part of its quality assurance and internal performance evaluation systems. Other quality measures might include the average number of hours worked in a week, the percentage of individuals who earn a wage determined by the Social Security Administration to be substantial gainful activity (SGA), and the percentage of individuals who receive medical benefits from their employer.
- According to the Bureau of Labor Statistics (BLS) that RSA uses to calculate performance on standard 1, MDVR did not meet the required minimum performance levels for Indicator 1.5 in FY 2006 and FY 2008. MDVR exceeded the required performance level of .52 by a very slim margin from FY 2000 through FY 2005, and in FY 2007 (See Table 2.2 below). The table shows how the average VR wage grew slowly over that time from \$8.29 in FY 2000 to \$9.69 in FY 2008, barely keeping pace with the growth in the average state wage which increased in that time from \$15.09 to \$19.01. Consequently, MDVR achieved a performance level of .51 for this indicator in FY 2008.

**Table 2.2**  
**MDVR Performance on Indicator 1.5 for FY 2000 through FY 2008**

<b>Performance Indicator 1.5</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Average hourly wage of competitively employed	\$8.29	\$8.61	\$8.45	\$8.63	\$8.66	\$9.01	\$9.20	\$9.57	\$9.69
State average hourly wage	\$15.09	\$15.59	\$15.92	\$16.24	\$16.54	\$17.19	\$17.75	\$18.32	\$19.01
MDVR performance level	.550	.552	.531	.531	.523	.524	.518	.522	.510
Met or Not Met	Met	Met	Met	Met	Met	Met	Not Met	Met	Not Met

Note: Minimum Performance level is .52. Minimum Performance Level is a percentage of the state average hourly wage as calculated by the U.S. Department of Labor.

- Other quality indicators similarly demonstrate areas where MDVR can improve its performance. For example, as Table 2.3 below indicates, the average number of hours worked per week for those who achieved competitive employment declined slightly from 32.1 in FY 2003, to 30.8 in FY 2007, two hours fewer than the average for all general agencies. The percentage of individuals with competitive employment who work more than 35 hours a week decreased from 57.8 percent in FY 2003, to 51.2 percent in FY 2007. In comparison for all general agencies, 58.7 percent of the individuals who achieved competitive employment in FY 2007 worked 35 hours or more per week.



**Table 2.3**  
**MDVR Quality of Competitive Employment Outcomes from FY 2003 through FY 2007**

<b>Quality Performance Measures</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Average hourly earnings for competitive employment outcomes</b>					
MDVR	\$8.63	\$8.66	\$9.01	\$9.20	\$9.57
General Agencies	\$9.42	\$9.57	\$9.81	\$10.17	\$10.63
<b>Average hours worked per week for competitive employment outcomes</b>					
MDVR	32.06	31.73	30.94	30.57	30.78
General Agencies	33.24	33.00	32.71	32.57	32.51
<b>Closed with competitive employment outcomes at 35 or more hours per week</b>					
MDVR	3,072	2,833	2,028	1,995	2,063
Percent	57.8%	56.1%	53.1%	50.2%	51.2%
General Agencies	68,759	65,417	60,480	59,375	58,900
Percent	62.5%	61.2%	59.9%	59.0%	58.7%
<b>Closed with competitive employment outcomes at SGA level at 35 or more hours per week</b>					
MDVR	1,157	1,137	895	868	921
Percent	21.8%	22.5%	23.4%	21.8%	22.9%
General Agencies	34,215	33,331	30,838	29,539	29,093
Percent	31.1%	31.2%	30.5%	29.3%	29.0%
<b>Closed with competitive employment outcomes with employment employer-provided medical insurance</b>					
MDVR	1,727	1,631	1,272	1,257	1,299
Percent	32.5%	32.3%	33.3%	31.6%	32.3%
General Agencies	33,591	30,014	28,694	28,033	28,017
Percent	30.6%	28.1%	28.4%	27.8%	27.9%

- From FY 2003 through FY 2007, of the individuals who achieved competitive employment, the percentage that worked 35 or more hours a week and earned wages equivalent or higher than the level of substantial gainful activity (SGA) established by the Social Security Administration held steady for the agency at approximately 22 percent. However, this performance remained consistently well below the performance for all general agencies of approximately 30 percent across the five years.
- In the area of employer provided medical benefits, MDVR performs better than other general VR agencies. From FY 2003 to FY 2007, 32 percent of individuals who exited DVR with an employment outcome received medical benefits from their employers. (See Table 2.3 above). This percentage held firm across these five years for MDVR. During this period, the performance of all other general agencies declined from 31 percent in FY 2003, to 28 percent in FY 2007.

**Recommendation 1:** In order to improve the quality of vocational outcomes and to track performance on measuring the quality of employment outcomes, RSA recommends that MDVR:

1.1 incorporate quality measures, such as RSA's Indicators 1.5 and 1.6, into the agency's staff and program performance evaluation protocols; and

1.2 develop goals and strategies designed to improve performance on a set of clearly identified quality outcomes, such as hours worked per week, the earning of SGA and the attainment of employer provided medical benefits.

**Agency Response:** MDVR agrees with these quality measures

**Technical Assistance:** MDVR does not request TA.

## 2. Attrition

**Observation:** From FY 2003 through FY 2007, more than one-third of the individuals whose eligibility was determined exited the VR program before their IPEs were developed.

**Table 2.4**  
**MDVR Cases Closed after Eligibility but before Development of the IEP for FY 2003 through FY 2007**

Closure Type	2003	2004	2005	2006	2007	General Agencies 2007
Exited without an employment outcome, after eligibility, but before an IPE was signed	7,610	7,138	6,009	6,847	6,553	76,981
Percent	42.5%	37.7%	37.9%	42.4%	40.4%	24.9%
Total Cases Closed	17,904	18,909	15,846	16,147	16,218	309,067

- From FY 2003 through FY 2007, the number of individuals who exited the VR program after they had been determined eligible for VR services, but before their IPEs were developed ranged from 6,009 to 7,610 individuals, and 37.7 percent to 42.5 percent of all individuals whose cases were closed by MDVR (see Table 2.4).
- In FY 2007, 6,553 individuals exited the program at this stage of the VR process, representing 40.4 percent of all individuals whose cases were closed that year. This percentage far exceeded that of other combined or general VR agencies that year, when only 24.9 percent of all individuals whose cases were closed by these agencies exited the VR program at this stage of the process.
- According to Table 2.5, in FY 2007, the reason most often reported by MDVR for individuals exiting the VR program after being determined eligible, but before the IPEs were developed was that the individuals refused services. That year, the agency reported that 2,732 individuals withdrew from the VR program at this stage of the process for this reason, representing 43.6 percent of all individuals whose cases were closed at this stage. MDVR reported that it closed the cases of another 1,195 individuals (19.1 percent) at this point in the process because the individuals could not be contacted. The agency reported that it closed

the cases of an additional 897 individuals (14.3 percent) at this stage because the individuals failed to cooperate. Finally, MDVR reported the reasons that 1,437 individuals (23.0 percent) exited the program at this stage of the process in a non-specific category of “all other reasons.”

- As table 2.5 demonstrates, MDVR’s percentages of individuals that exited MDVR as refused services is significantly higher (43.6 percent) than general VR agencies (29.8 percent).

**Table 2.5**  
**MDVR Primary Reasons for Closure after Eligibility and before IPE for FY 2007**

<b>Reason for Case Closure</b>	<b>Exited without an employment outcome, after eligibility, but before an IPE was signed</b>	<b>General Agencies exited without an employment outcome, after eligibility, but before an IPE was signed</b>
01: Unable to locate or contact	1,195	20,468
Percent	19.1%	26.6%
03: Refused services or further services	2,732	22,955
Percent	43.6%	29.8%
07: Failure to cooperate	897	16,440
Percent	14.3%	21.4%
13: All other reasons	1,437	12,302
Percent	23.0%	16.0%
Total	6,261	76,981

**Recommendation 2:** RSA recommends that MDVR:

2.1 conduct surveys of individuals who exit the VR program after eligibility is determined, but before their IPEs are developed, to determine the reasons why these individuals are withdrawing from the program; and

2.2 based on the information obtained through this survey, develop goals with measurable targets to decrease the number of individuals leaving the program at this stage of the process, and strategies to achieve these goals.

**Agency Response:** MDVR and the SRC currently survey individuals exiting the system prior to IPE’s being developed. MDVR, SRC, and QA unit will reevaluate this process.

**Technical Assistance:** MDVR does not request TA.

### **3. Order of selection**

**Observation :** Despite MDVR’s ability to move a significant number of individuals from its order of selection (OOS) waiting list on a bi-weekly basis, the agency keeps two priority

categories closed to manage case flow and assess the agency's ability to serve all eligible individuals. This practice may contribute to MDVR's very high attrition rate.

- Since the inception of MDVR's OOS on October 1, 2003, the agency moved more than 35,000 individuals off the waiting list, including more than 8,000 individuals in FY 2008 alone. Most of these individuals exited the program from the waiting list without receiving services, contributing to MDVR's very high rate of attrition, e.g., individuals who exit the program after eligibility, but before developing an IPE.
- In FY 2009, the agency moved all individuals placed in Category II (significantly disabled) into active status on a bi-weekly basis. All individuals placed in Category III from 2004), were moved into active status in September 2007. Since that time, MDVR has not been able to move individuals from category 3 into active status.

**Table 2.6**  
**MDVR's Individuals Exiting from a Waiting List for FY 2003 through FY 2007**

Closure Type	2003	2004	2005	2006	2007	General Agencies 2007
6. Exited from an order of selection waiting list	0	486	2,011	1,515	1,533	5,888
Percent	0%	2.6%	12.7%	9.4%	9.5%	1.9%

- The percentage of individuals determined eligible who are placed on the waiting list continues to increase. In FY 2004, the first full year after the implementation of the OOS, 41.8 percent of all individuals determined eligible were placed on the waiting list, and by FY 2007 the percentage had increased to 61.2 percent. This performance indicates a need for the agency to further evaluate its practices related to the implementation of the OOS including outreach practices and the impact of keeping Categories II and III closed. This is particularly important given that the agency serves most individuals in Category II.
- MDVR sends a letter once a year to individuals on the waiting list, asking if they still wish to receive VR services. An examination of the agency's case flow data showed that some individuals had been on the waiting list for several years. The VR program managers stated that the waiting list likely contained individuals who either were no longer interested in receiving services.
- Some VR counselors indicated they took more active measures to determine if an individual was still interested in receiving services, despite the potential for a long wait. Additionally, VR counselors removed individuals from their caseloads who did not respond to repeated inquiries, are no longer present and available for services.

**Recommendation 3:** To better manage its order of selection, to expedite services for individuals determined eligible for services, and to reduce the attrition rate of individuals who leave the VR program after eligibility and before receiving services, RSA recommends that MDVR:

3.1 open Category II to eliminate the time spent on the waiting list for individuals with significant disabilities in order to reduce the high percentage of eligible individuals leaving the program after eligibility but before receiving services; and

3.2 establish a more effective protocol for contacting individuals on the waiting list, especially those placed in priority category III, to better determine the true number of individuals who retain interest in services from MDVR.

**Agency response:** MDVR will take these recommendations under advisement while assessing current strategies and determining future actions.

**Technical Assistance:** MDVR does not request TA.

#### **4. Services for Transition-age Youths**

**Observation:** MDVR does an above average job with transition-age youths who stay in program. MDVR loses a higher percentage of transition-age youths before they receive services. MDVR does not comprehensively assess the effectiveness of the different transition programs that it operates. This includes Transition Services provided directly by VR counselors with general caseloads, and VR counselors working within the dedicated transition units, and services provided through the CO-OP. Additionally, MDVR staff in rural areas would benefit from the sharing of best practices developed and implemented in urban areas of the state.

- In FY 2007, transition-age youths represented 34.42 percent of the total population served by MDVR. This was significantly higher than the national average for all general agencies of 26.8 percent.
- In FY 2007, MDVR's employment rate for transition-age youths was 69.6 percent. This was higher than the national average for all general agencies of 56.1 percent. Additionally, in that same year, 52 percent of transition-age youths who were served achieved employment outcomes at 35 or more hours per week after receiving services from MDVR.

**Table 2.7**  
**MDVR Closure Performance for Transition-Age Youths Served (ages 14-24) Using Age at Application for FY 2003 through FY 2007**

<b>Transition Closure Performance</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Percent of total served</b>					
MDVR	31.2%	33.6%	36.0%	36.7%	34.4%
General Agencies	27.9%	29.0%	30.3%	30.8%	31.3%
<b>Employment outcomes</b>					
MDVR	1,742	1,798	1,482	1,538	1,515
General Agencies	30,195	30,591	30,232	30,662	30,380
<b>Employment rate</b>					
MDVR	79.1%	63.0%	70.5%	70.9%	69.6%
General Agencies	54.5%	50.1%	55.8%	55.6%	56.1%

- MDVR staff reported difficulty keeping transition-age youths engaged in the VR program, as evinced by the data. In FY 2007, 41.4 percent of transition-age youths exited the VR program without an employment outcome after eligibility was determined, but before IPEs were developed and signed. This is higher than the national average for all general agencies of 26.3 percent. Additionally, approximately 40 percent of the cases for transition-age youths were closed prior to achievement of an employment outcome because the agency was unable to locate the individual or because they failed to cooperate. This drop-out is occurring at various stages throughout the VR process.

**Table 2.8**  
**MDVR Closure Types for Transition-Age Youths for FY 2003 through FY 2007**

<b>Closure Type</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>General Agencies 2007</b>
Exited without an employment outcome, after eligibility, but before an IPE was signed	2,401	2,465	2,048	2,378	2,299	25,609
Percent	43.2%	39.1%	38.1%	42.2%	41.4%	26.3%

Performance on quality indicators for transition-age youth slowly decreased or remained flat. The average hours worked per week for transition-age youths remained the same from FY 2003 (31.73 hours) to FY 2007 (31.30 hours). The number of transition-age youths who achieved a competitive employment outcome at 35 or more hours per week decreased from FY 2003 (939) to FY 2007 (782). In FY 2007, these 782 represented 52 percent of transition-age youths who achieved a competitive employment outcome at 35 or more hours per week, slightly less than the national average for all general agencies of 55.4 percent.

**Table 2.9**  
**MDVR's Quality of Competitive Employment Outcomes for Transition-Age Youths for**  
**FY 2003 through FY 2007**

<b>Competitive Employment Performance</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Average hours worked per week</b>					
MDVR	31.73	32.26	31.84	31.32	31.30
General Agencies	32.90	32.60	32.34	32.13	32.02
<b>At 35 or more hours per week</b>					
MDVR	939	1,001	821	782	782
Percent	54.4%	56.2%	55.5%	51.2%	52.0%
General Agencies	17,773	17,581	17,062	16,933	16,594
Percent	60.0%	58.6%	57.2%	56.1%	55.4%

- MDVR originally developed the cooperative work experiences program, also known as CO-OP, in the 1960s to decrease the number of students who dropped out of school. The CO-OP provides the opportunity for transition-age youths to be released from school in order to work part-time jobs and to earn high school credit for that work experience. The goal is to keep students engaged, decrease the dropout from the VR program and decrease the overall high school dropout rate.
- MDVR gathers CO-OP data for its status to date reports on a quarterly basis, but not in the current case management system available to VR counselors. Although MDVR is working with the National Dropout Prevention Center, it is not tracking or measuring the success rate of CO-OP. MDVR also does not evaluate the effectiveness of the other methods used to provide transition services across the state.
- Most of the VR counselors have mixed caseloads of transition-age youth cases and adult cases. There are VR counselors in the Kansas City and St. Louis offices who focus primarily on transition-age youths. VR counselors in rural areas reported that it would be helpful for the VR transition counselors in Kansas City and St. Louis to share best practices across the state, especially in the rural areas.

**Recommendation 4:** RSA recommends that MDVR:

- 4.1 determine through surveys and other methods the reasons such a large percentage of transition-age youths withdraw from the VR program, or their cases are closed, prior to the achievement of employment;
- 4.2 based on this evaluation, develop goals and implement strategies to keep students more engaged with the VR process and track what strategies are successful;
- 4.3 develop an incorporate into the new case management system a database to track the success rate and dropout rate of students in the CO-OP program compared to students not in CO-OP in order to assess the effectiveness of the program; and

4.4 develop and implement a method for VR counselors with primarily transition caseloads to share best practices and expertise with VR counselors who have mixed caseloads, especially those in rural areas.

**Agency Response:** MDVR will take these recommendations under advisement while assessing current strategies and determining future actions.

**Technical Assistance:** MDVR does not request TA.

## 5. Business Network Model

**Observation:** MDVR has developed the business network model to maintain a database of potential employers for individuals served by the agency. However, the agency has not set up a method to evaluate the effectiveness of the business network model.

- MDVR seeks to be a resource for and consultant to the local businesses within the community. The businesses look to MDVR as the expert for their own staff accommodation needs. Additionally, MDVR works to build relationships with these businesses and provide them with individuals who are ready and prepared to work.
- MDVR started the business network model in October 2008. VR counselors are expected to contact at least two businesses per month in order to develop a database of potential employers for individuals served by MDVR.
- MDVR supervisors reported that they were not certain whether the proposed database would be able to track the success of the business network model.

**Recommendation 5:** RSA recommends that MDVR develop and implement a system or database evaluating the quality and success of employment placements with participating businesses using the business network model.

**Agency Response:** MDVR will incorporate the recommendation when the new case management system is fully implemented.

**Technical Assistance:** MDVR does not request TA.

## 6. Homemaker Outcomes

**Observation:** More individuals exited MDVR with the vocational goal of homemaker than most other general agencies. MDVR had the highest percentage of homemaker outcomes compared to the total number of employment outcomes and was second only to New York's general VR agency in terms of the total number of homemaker outcomes. See Table 2.10 below.



**Table 2.10**  
**MDVR Homemaker Closures for FY 2003 through FY 2007**

<b>Homemaker Closures</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Total MDVR Homemaker Outcomes	241	207	131	174	244
Percentage Total Employment Outcomes	4.3%	3.9%	3.3%	4.2%	5.7%
New York- General Homemaker Outcomes	900	586	509	471	549
Percent of Total Outcomes	6.0%	4.2%	3.8%	3.6%	4.2%

- During on-site discussions, MDVR management indicated that most of the homemaker outcomes represented individuals with hearing loss, in which one of the VR services provided was the purchase of hearing aids.

The MDVR field operations chief indicated that the agency would provide training to VR counselors to ensure that the agency's policy on home maker outcomes was understood and implemented properly. Administrators indicated that VR counselors are expected to explore competitive vocational goals with all eligible individuals, including those with hearing loss, and that significant VR services should be provided apart from medical restoration services.

**Recommendation 6:** RSA recommends that MDVR:

- 6.1 conduct targeted training of VR counselors to ensure that the agency's policies on homemaker as a vocational goal are implemented properly;
- 6.2 establish a program goal with measurable targets to reduce the number of homemaker outcomes; and
- 6.3 use case management data to track homemaker outcomes to ensure progress toward achieving the goal of reducing this category of outcome.

**Agency response:** MDVR will take these recommendations under advisement while assessing current strategies and determining future actions.

**Technical Assistance:** MDVR does not request TA.

## CHAPTER 3: FISCAL MANAGEMENT OF MDVR'S VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT AND INDEPENDENT LIVING PROGRAMS

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RSA reviewed MDVR's fiscal management of the VR, SE, and IL programs. During the review process RSA provided technical assistance to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

### Fiscal Management

The data in the following table, taken from fiscal reports submitted by the state agencies, speak to the overall fiscal performance of the agency. The data related to matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The maintenance of effort (MOE) requirement data are taken from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which they are compared). Fiscal data related to administration, total expenditures, and administrative cost percentage are taken from the RSA-2.

**Table 3.1**  
**Fiscal Data for MDVR for FY 2004 through FY 2008**

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Grant Amount</b>	49,457,670	49,484,452	51,479,764	53,103,546	54,093,697
<b>Required Match</b>	13,385,621	13,392,869	13,932,897	14,372,370	14,640,353
<b>Federal Expenditures</b>	49,457,670	49,484,452	51,479,764	53,103,546	54,093,697
<b>Actual Match</b>	13,385,621	13,392,869	13,932,897	14,372,370	14,640,353
<b>Over (Under) Match</b>	0	0	0	0	0
<b>Carryover at 9/30 (year one)</b>	0	0	0	0	0
<b>Program Income</b>	1,963,595	942,701	2,024,975	1,746,255	2,050,846
<b>Maintenance of Effort (MOE)</b>	12,684,793	13,101,792	13,385,621	13,392,869	13,932,897
<b>Administrative Costs</b>	3,474,405	3,474,601	3,596,137	4,739,263	2,253,194
<b>*Total Expenditures</b>	64,303,017	67,012,797	66,472,680	68,527,863	69,577,795
<b>Percent Admin Costs to Total Expenditures</b>	5.40%	5.18%	5.41%	6.92%	3.24%

\*Includes Supported Employment Program Expenditures.

## Explanations Applicable to the Fiscal Profile Table

### Grant Amount

The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallocation process, or additional grant funds received through the reallocation process.

### Match (Non-Federal Expenditures)

The non-federal share of expenditures in the Basic Support Program, other than for the construction of a facility related to a community rehabilitation program, was established in the 1992 amendments to the Rehabilitation Act at 21.3 percent. As such, a *minimum* of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program. (34 CFR 361.60(a) and (b); 34 CFR 80.24)

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. The accuracy of expenditure information previously reported in financial and program reports submitted to RSA was also reviewed.

### Carryover

Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

### Program Income

Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated community rehabilitation program. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may also transfer program income received

from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources and use of generated income.

## **Maintenance of Effort (MOE)**

The 1992 amendments revised the requirements in section 111(a)(2)(B)(ii) of the Act with respect to maintenance of effort provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the maintenance of effort level is based on state expenditures under the title I state plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and maintenance of effort requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

## **Administrative Costs**

Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR Program regulations at 34 CFR 361.5(b)(2).

## **Fiscal Technical Assistance Provided to MDVR During the Review Process**

RSA provided VR, SE and IL program technical assistance to MDVR during the review process regarding:

- ways to strengthen contract development and monitoring processes;
- the need to ensure checks and balances are used in the processing of payments; and
- requirements for participant activity report development and proper allocation of personnel and non-personnel costs.

## Observations of MDVR about the Fiscal Management Performance of the VR, SE, and IL Programs

RSA solicited input from MDVR and a wide range of its stakeholders about the performance of the VR, SE, and IL programs. The MDVR and its stakeholders shared the following observations:

- the large amount of funds expended through contracts presents challenges related to ongoing monitoring;
- the lack of software integration between the case management and financial management data systems makes monitoring and oversight of expenditures more difficult; and
- fiscal software limitations make it difficult to modify and adapt fiscal reports to address changing needs.

RSA discussed the observations with MDVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## VR, SE, and IL Programs' Fiscal Management Performance Observations and RSA Recommendations

RSA identified the following fiscal performance observations and made recommendations to MDVR about those observations. MDVR responded to each of the recommendations and in those instances when RSA and MDVR agreed upon a recommendation, RSA and MDVR identified the technical assistance that RSA would provide to MDVR to successfully implement the recommendation.

### 1. Fiscal Staff Support

**Observation:** MDVR employs a limited number of fiscal staff to monitor the high percentage of the federal and state VR funds expended through CRP contracts or authorizations for services.

- MDVR's percent of purchased services has exceeded 70 percent since FY 03; however, MDVR has only two staff that conduct periodic reviews of authorizations in addition to their regular job responsibilities.
- MDVR did not appear to have staff resources necessary to monitor and ensure internal controls are being implemented with regard to purchased services.

**Recommendation 1:** Assess current staffing assignments and the number of fiscal staff available to maximize fiscal oversight and meet quality assurance needs within payment processing and contract administration.

**Agency Response:** Agency will assess fiscal staffing requirements.

**Technical Assistance:** MDVR does not request TA.

## 2. Electronic Payment Processing System

**Observation:** MDVR's current payment processing system is not integrated with the case management system in a manner that permits efficient fiscal tracking, reporting, and oversight.

- The case management and payment processing systems do not share data to permit efficient and effective tracking and reporting. For example, it is difficult for MDVR staff to develop ad hoc reports for tracking consumer expenditures.

**Recommendation 2:** Consider updating electronic payment processing system to ensure better integration with case management system and enhance reporting capabilities to support quality assurance efforts.

**Agency Response:** The recommendation suggests updating "electronic payment processing system." The issue is truly with the financial portion of the existing case management system (not the State of MO electronic payment processing system). As indicated in our review, a contract for a new case management system was awarded to Alliance Inc. Estimated operational date is Oct 2010.

**Technical Assistance:** MDVR does not request TA.

## 3. Program/Fiscal Collaboration

**Observation:** The fiscal and program areas are not integrated in a manner that maximizes monitoring and oversight responsibilities.

The CRP monitoring reports referred to as Partnering Review Reports did not include the contractor's performance related to adequate fiscal documentation or adherence to fiscal policies and procedures.

MDVR fiscal staff completed financial reviews of various CRP offices; however, there was no connection to the program reviews.

Because of the lack of coordination, the potential exists for the program staff to rate a CRP program highly while the fiscal review showed substantial need for improvement. In addition, it may result in inconsistent messages related to overall program performance.

VR counselors are responsible for completing authorizations for services and following fiscal procedures; however, the counselor's performance related to successful completion of these fiscal requirements was not considered when evaluating staff job performance.

**Recommendation 3:** Develop program monitoring and accountability measures that include fiscal performance.

**Agency Response:** MDVR will take this recommendation under advisement while assessing current strategies and determining future actions.

MDVR would like to note that there is coordination between the VR program area and fiscal unit to address financial related issues as they occur. Fiscal reviews were conducted from the same sample of cases as the District Office program reviews and documentation is included in the financial office review reports. Fiscal issues are communicated to program staff to be addressed in partnering meetings after reviews are completed.

**Technical Assistance:** MDVR does not request TA.

#### **4. Financial Record Requirements**

**Observation:** CRP contracts state that “The CRP agrees to maintain financial records in accordance with generally accepted accounting principles as prescribed in Office of Management and Budget (OMB) Circular A-110, “Uniform Administrative Requirements or [sic] Grants and Agreements with Institutions of Higher Education, Hospitals and other Nonprofit Organizations.” In order for MDVR to ensure it meets the A-87 requirements, provider financial documentation must also be maintained in accordance with OMB A-87.

**Recommendation 4:** Revise contracts to reflect the appropriate financial record requirement citation, OMB A-87.

**Agency Response:** MDVR concurs, and contracts will be revised.

**Technical Assistance:** MDVR does not request TA.

### **VR, SE and IL Programs’ Fiscal Management Compliance Findings and Corrective Actions**

RSA identified the following compliance findings and corrective actions that MDVR is required to undertake. MDVR must develop a corrective action plan for RSA’s review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and RSA is available to provide TA to assist MDVR.

#### **1. Unallowable Expenditures**

##### **Legal Requirement:**

Section 100(a)(2) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), and 34 CFR 361.1 of its implementing regulations establish that the purpose of the VR program is to provide services to individuals with disabilities so that they may achieve an employment outcome that is consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 of its implementing regulations require that Title I VR program funds be used solely to cover the costs of providing VR services and administering the VR program.

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20(a), in pertinent part, states that:

- (a) A State must [expend] and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:...
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

OMB Circular A-87, Attachment A, in pertinent part, states:

- C.1. Factors affecting allow ability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of this Circular....
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit....
- 3.a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

OMB Circular A-87, Attachment B (2 CFR Part 225, Appendix B), paragraph 8, in pertinent part, states:

- h.4 Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one Federal award; and (b) a Federal award and a non-Federal award....
- h.5 Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be prepared at least monthly and must coincide with one or more pay periods; and (d) they must be signed by the employee. (e) Budget estimates or other distribution percentages determined before services are performed do not



qualify as support for charges to Federal awards but may be used for interim accounting purposes.

**Finding:** Based on interviews of MDVR staff while conducting on-site monitoring and a review of the agency's financial and statistical reports and supporting documentation, RSA has concluded:

- A. MDVR uses Title I VR funds to pay administrative costs for staff performing duties that are outside the scope of the VR program. For example, several MDVR administrative and support staff split their time between the VR and Social Security Disability Determination Unit (DDU) programs, a component of MDVR that is funded by the Social Security Administration (SSA). MDVR pays the total costs for these staff positions, plus their supplies, initially with VR funds. Once a year, MDVR assesses the DDU program a 5.9% indirect cost to "reimburse" the VR program for the VR funds used to pay expenditures incurred by the DDU program throughout the year. However, MDVR has not implemented a reconciliation process to determine whether the assessed indirect cost accurately reimbursed the amount initially paid for DDU expenses with VR funds. Furthermore, MDVR does not use personnel activity reports to allocate personnel costs appropriately to the various programs under its purview.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 require that VR funds be used solely to provide VR services and administer the VR program. The time MDVR staff spends working on DDU-related activities is not an administrative activity under the VR program and, therefore, is not allocable to the VR program (34 CFR 361.5(b)(2)). MDVR's failure to seek timely reimbursement of the VR funds expended on DDU-related activities and its failure to reconcile whether the VR program is accurately reimbursed for this outlay also violates the requirements of 34 CFR 361.12 and 34 CFR 80.20 which require procedures to be in place to ensure the proper and efficient administration of the program and accurate accounting of allowable expenditures. Furthermore, OMB Circular A-87 requires Federal grantees to use personnel activity reports to account for the time of staff who work on multiple programs (Attachment B, paragraph 8). MDVR has failed to use such reports to ensure that staff time is properly allocated to the VR and other programs. Therefore, MDVR's failure to implement procedures to ensure the accurate accounting of VR funds and reimbursement of the VR program for Title I funds used to pay DDU-related expenses, as well as its failure to use personnel activity reports violates section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20, and the Federal cost principles contained in OMB Circular A-87.

In addition to the DDU program discussed above, some MDVR staff split their time between the VR program and other programs administered by MDVR; however, the costs incurred by these staff were charged solely to the VR program. For example, expenses incurred by the MDVR Director's position are charged to the VR program rather than allocated across the various programs that the Director supervises. As stated in the prior discussion, MDVR does not use personnel activity reports to appropriately allocate personnel costs to the various programs under its purview, as required by section

111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20, and the cost principles set forth in OMB Circular A-87.

- B. MDVR contracts on a fee-for-service basis with many community rehabilitation programs (CRPs) to provide VR services to MDVR applicants and consumers. During RSA's review of many of these contracts, RSA noted that some of the contracts allow the CRPs to bill MDVR for "services rendered" at the full weekly rate regardless of whether the CRP was closed for a holiday or the consumer had a planned absence. As a result, MDVR is paying for VR services that are not rendered. As indicated above, Title I VR funds must be used solely for expenses incurred in providing VR services or administering the VR program (section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3). MDVR's use of Title I VR funds to pay for VR services that were never rendered does not comply with this requirement and, therefore, these expenditures are not allowable under the VR program. MDVR may not pay for VR services that are not rendered to its applicants or consumers; services that are not rendered are not allocable to the VR program pursuant to OMB Circular A-87, Attachment A, paragraph C.3.a. In this case, it appears the VR program did not receive any benefit on the days that the CRPs were closed or the consumer was not present for the service and, thus, no services were actually rendered. Therefore, to the extent services were not actually rendered, expenditures for those services are not allowable under the VR program or the Federal cost principles.
- C. Information technology (IT) positions within MDVR are not treated uniformly with regard to costs and supervision. For example, another State office that oversees IT supervises MDVR IT staff paid with VR funds and, as a result, assesses additional administrative costs of supervision to the VR grant. However, MDVR retains supervisory responsibility for other similar IT positions, funded by other programs within MDVR, and MDVR does not assess additional administrative costs of supervision to those other Federal programs. Ordinarily, administrative costs incurred by the IT positions are an allowable expenditure under the VR program (section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, and 34 CFR 361.5(b)(2)). However, in this case, the additional administrative costs charged to the VR grant for supervision of the VR-paid IT positions by a separate office of the State are unreasonable, particularly since MDVR itself supervises similarly situated IT staff funded under other Federal programs. Therefore, the additional costs associated with supervising the VR-paid IT positions are not allowable costs under the VR program (OMB Circular A-87, Attachment A, paragraph C.1.).

For all of the reasons described above, MDVR has used Title I VR funds for unallowable expenditures and has failed to account for staff time accurately, in violation of section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 361.12, 34 CFR 80.20, and OMB Circular A-87.

**Corrective Action 1:** MDVR must:

- 1.1 cease using Title I VR funds to pay for services and staff positions that are not allocable to the VR program;

- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future payments for services and staff positions will comply with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 361.12, 34 CFR 80.20, and the cost principles set forth in OMB Circular A-87. MDVR also must assure that it will use personnel activity reports to accurately account for staff time when those staff work on multiple programs;
- 1.3 with regard to Findings A , maintain time distribution records and implement policies and procedures to ensure that staff time will be accurately recorded and allocated, either directly or indirectly, for each of the appropriate programs;
- 1.4 with regard to Finding A, provide a spreadsheet for FYs 2005 through 2009 reconciling the amount of VR funds expended on behalf of the DDU program with the amount DDU reimbursed VR at the end of each year. The amount should include all costs including, but not limited to, salaries, benefits, and supervision. If needed, based upon the requested reconciliation, revise the amounts reported on the 4<sup>th</sup> quarter (period ending September 30) and final SF-269s to ensure that obligations and expenditures are correctly reported;
- 1.5 with regard to Finding A, submit a spreadsheet for FYs 2005 through 2009 detailing the amount of VR funds expended for staff time spent working on other programs, such as the Director's position. MDVR also should revise SF-269s (for period ending September 30 and subsequent reports) for each of those years showing the proper allocation of personnel costs for the VR program;
- 1.6 with regard to Finding C, MDVR must revise the CRP contracts to ensure that payment is based outcomes per the current contract and not on a scheduled time period; and,
- 1.7 with regard to Finding D, provide a spreadsheet for FYs 2005 through 2009 detailing the additional costs charged to the VR grants for supervising the VR-paid IT staff positions. Also, provide a written assurance that the VR grants are not being assessed additional administrative costs for the supervision of the VR-paid IT staff, in relation to other Federal programs within MDVR. MDVR also must assure that the IT positions paid under the VR grant only perform IT responsibilities for the VR program.

RSA reserves the right to pursue enforcement action, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of Education Department General Administrative Regulations (EDGAR).

**Agency Response 1.1:** MDVR has ceased using Title I VR funds in the manner described. MDVR would like to note, however, use of the 5.9% in this finding without mention of it being the unapplied portion of the USDE approved indirect cost rate makes it appear as if MDVR merely used an arbitrary percentage for charges. Because the basis *was* the USDE approved rate, a reconciliation process was not used. This method of using the IDC rate has satisfied state auditors and former RSA financial staff in prior reviews.

**RSA Response:** The agency response states that the 5.9% charged to DDU is based upon an unapplied portion of the USDE approved indirect cost rate. The agency's indirect cost rate negotiated with the Department was 9.9%. The IDC was to be applied uniformly across the Missouri Department Education. The practice of MDVR charging an unapplied portion of the indirect cost rate to the DDU and the basis for this action was not included in the Indirect Cost Rate Proposal.

**Technical Assistance:** MDVR does not request TA.

**Agency Response 1.2:** Written assurance forthcoming.

**Technical Assistance:** MDVR does not request TA.

**Agency Response 1.4:** Supplies and equipment were directly charged to the applicable program and should not be included in this finding. Reconciliation spreadsheets will be developed and SFY269s will be adjusted and amendments filed upon getting technical assistance.

**RSA Response:** The reference to supplies and equipment was removed per the agency's request. MDVR must complete the remaining requirements in Corrective Action 1.4.

**Technical Assistance:** MDVR requested written technical assistance and guidance regarding the accepted methodology for creating reconciliation worksheets in Finding 1.4.

**Agency Response 1.6:** MDVR disputes this finding and believes the expenditures are allowable under the MDVR program. VR does contract with CRPs on a *weekly* basis for some limited services. These services are provided and rendered within the week contracted. Program descriptions indicate the services are curriculum/outcome driven and paid weekly. The fact that a holiday may occur within a given week should not be a factor in the payment of services. In the case of planned absences, MDVR works with the contractor to adjust delivery of services and payment.

It is important to note this finding was not discussed with the program or fiscal staff during the monitoring review or exit briefing. MDVR agrees to clarify the language in the contract.

**RSA Response:** RSA has removed the requirement for submission of a spreadsheet detailing expenditures related to this finding. In the agency's response, MDVR agreed to clarify the language in the contract. MDVR must revise the CRP contracts to ensure that payment is based on outcomes, per the contract, and not on a scheduled time period per Corrective Action 1.6.

**Technical Assistance:** MDVR does not request TA.

**Agency Response 1.7:** MDVR concurs that IT positions within the division are not treated uniformly amongst federal programs. MDVR will work with the Office of Administration (OA) to try to have the VR funded IT staff transferred back to the division for supervision or will work to have OA administrative supervision costs removed. DDS is exempt from the OA IT consolidation due to SSA's request for a waiver – a similar waiver would be welcomed from RSA.

**RSA Response:** RSA requests that MDVR provide a copy of SSA's request for a waiver from the OA IT consolidation. In addition, MDVR must complete the requirements in Corrective Action 1.7.

**Technical Assistance:** MDVR does not request TA.

## 2. Unallocable Costs

### Legal Requirements:

34 CFR 80.20 of EDGAR, in pertinent part, requires that:

- (a) A state must [expend] and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to: ...
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

34 CFR 80.22 requires States to use the Federal cost principles set forth in OMB Circular A-87 for determining allow ability of costs.

OMB Circular A-87, Attachment A (2 CFR Part 225, Appendix A), Section C states, in pertinent part:

- 1. To be allowable under Federal awards, costs must meet the following general criteria: ...
  - b. Be allocable to Federal awards under the provisions of this Circular....
- 3. a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

OMB Circular A-87, Attachment A, Section F.1. states:

“Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. *Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived*” (emphasis added).

**Finding:** The Department of Elementary and Secondary Education (DESE’s) Indirect Cost Rate Proposals for FYs 2006 through 2008 included charges to MDVR that were not in accordance with the relative benefits received. DESE’s current indirect cost rate, as determined by the U.S. Department of Education’s Indirect Cost Rate Unit, is 9.9 percent. MDVR’s costs were included in the calculation of this rate. Internally, DESE charges MDVR a reduced indirect cost rate of 4 percent. DESE charges the reduced rate because MDVR employs VR funded personnel, budgeting, accounting, and information technology staff and therefore, these services are not provided through DESE. There was no supporting documentation identifying how the 4 percent rate was determined and whether this amount was based upon effort expended toward the VR program.

EDGAR requires that grantees rely on the program regulations, grant terms, and OMB Circulars to determine the allow ability, allocability and reasonableness of costs (34 CFR 80.20 and 34 CFR 80.22). According to OMB Circular A-87, Attachment A, paragraph F.1, indirect costs should be distributed among various cost objectives in an equitable manner that takes into account the relative benefit derived by that cost objective of those benefits. Furthermore, for a cost to be allowable with Federal funds, it must be allocable to a Federal program (OMB Circular A-87, Attachment A, Paragraph C.1.b). A cost is allocable to a Federal program (cost objective) if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received (OMB Circular A-87, Attachment A, Paragraph C.3.a).

The distribution of indirect costs mentioned above does not ensure an equitable distribution of costs based upon benefits received. For this reason, MDVR has failed to comply with 34 CFR 80.20, 34 CFR 80.22, and the requirements of OMB Circular A-87, Attachment A, Sections C and F.1.

**Corrective Action 2:** Although the DESE Indirect Cost Rate Proposals had been approved annually by the Department's Indirect Cost Unit, based on information provided at the time by the State of Missouri, the indirect cost rates may need to be revised in light of the new information learned during RSA's review. Thus, MDVR, in cooperation with RSA and the Department's Indirect Cost Unit, must review and revise, if necessary, its indirect cost distribution to ensure it is consistent with benefits received, as required by 34 CFR 80.20(b)(5) and OMB Circular A-87.

**Agency Response:** MDVR will cooperate with RSA and the Department's Indirect Cost Unit to review its indirect cost distribution and make changes as deemed necessary to assure costs are consistent with benefits received.

**Technical Assistance:** MDVR does not request TA.

### 3. Match Requirement

#### Legal Requirement:

34 CFR 361.60 Matching Requirements states:

- (a) Federal share—(1) General. Except as provided in paragraphs (a)(2) and (a)(3) of this section, the Federal share for *expenditures* made by the State unit under the state plan, including expenditures for the provision of vocational rehabilitation services, administration of the state plan, and the development and implementation of the strategic plan, is 78.7 percent. (emphasis added)
- (b) Non-Federal share—(1) General. Except as provided in paragraphs (b)(2) and (b)(3) of this section, *expenditures* made under the state plan to meet the non-Federal share under this section must be consistent with the provisions of 34 CFR 80.24. (emphasis added)

OMB Circular A-87, Attachment A (2 CFR Part 225, Appendix A), Section F.1. states:

Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. *Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived* (emphasis added).

**Finding:** MDVR uses a portion of its DESE waived indirect costs as match to meet the non-federal share of the VR program, pursuant to 34 CFR 361.60(b)(1). As stated in the Finding above, DESE has an approved indirect cost rate of 9.9 percent; however, it charges MDVR only 4 percent. DESE certifies a portion of the 5 percent that is not collected as match for the VR program. The waiver of indirect cost certification states that the waived amount is based upon DESE's indirect cost rate *proposal*, not on indirect cost program expenditures as required in 34 CFR 360.61(b)(1).

Federal regulations governing the VR program requires MDVR to meet its non-Federal share under the State Plan with allowable expenditure of funds, including indirect costs, from non-Federal sources (34 CFR 361.60(b)(1)). Indirect costs are those incurred for common purposes benefitting more than one program and that are not readily assignable to a particular cost objective (OMB Circular A-87, Attachment A, paragraph F.1). MDVR cannot rely on projected costs, or those based solely on a percentage of the State's overall match requirements, to meet its non-Federal share requirement. MDVR's use of certified match based upon projected indirect costs proposed to meet its non-Federal share under the VR program is not consistent with the requirements of 34 CFR 361.60 and OMB Circular A-87.

**Corrective Action 3:** MDVR must:

- 3.1 cease using projected indirect costs for satisfying the non-Federal share requirements of the VR program. Expenditures used for this purpose must be actual expenditures incurred by MDVR;
- 3.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will report indirect costs, for purposes of satisfying its non-Federal share requirements, in a manner consistent with the requirements set forth at 34 CFR 361.60 and OMB Circular A-87; and
- 3.3 revise the 4<sup>th</sup> quarter and final SF-269 reports submitted for FYs 2005 through FY 2008 and the most recent SF-269 report submitted for FY 2009 to reflect an accurate accounting of the State's non-Federal share based on actual expenditures incurred in each of those Federal fiscal years.

Once RSA reviews the documentation, RSA will determine if any SF-269 revisions are required and whether enforcement measures will be taken pursuant to 34 CFR 80.43 of EDGAR.

**Agency Response 3.1:** Completed.

**Technical Assistance:** MDVR does not request TA.

**Agency Response 3.2:** Written assurance forthcoming.

**Technical Assistance:** MDVR does not request TA.

**Agency Response 3.3:** MDVR believes that requiring revision of the SF-269's for prior years should not be required under the following circumstances:

- (1) Sources of match have been reported consistently over the years to RSA and the use of waived indirect cost certification validity was not questioned until the time of the current monitoring review.
- (2) MDVR sought guidance and clarification from previous RSA officials indicating the methodology and rationale for use of waived costs was within financial guidelines.

**RSA Response:** MDVR's use of certified match based upon projected indirect costs proposed to meet its non-Federal share under the VR program is not consistent with the requirements of 34 CFR 361.60 and OMB Circular A-87. Therefore, the required revisions to the SF-269s must be completed per Corrective Action 3.3. RSA requests that MDVR provide copies of any written assurances received from previous RSA officials indicating approval of the use of waived indirect costs as match.

**Technical Assistance:** MDVR does not request TA.



#### 4. Lack of Sufficient Internal Controls and Tracking of Funds

##### Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20(a), in pertinent part, states that:

- (b) A State must [expend] and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:...
- (3) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

**Finding:** Based on interviews of MDVR staff during on-site monitoring, and a review of the agency's financial and statistical reports and supporting documentation, RSA has concluded:

- A. MDVR frequently advances cash to VR consumers for services that may or may not be part of their Individualized Plans for Employment (IPEs). Furthermore, MDVR generally does not document these cash advances or track them to ensure that the consumers used the VR funds for allowable VR purposes. MDVR staff advised RSA during the interviews that this payment function is not part of any contract agreement that MDVR has with any community rehabilitation program (CRP).
- B. MDVR has entered into contracts with various Supported Employment (SE) services providers to provide VR and SE services to eligible individuals. MDVR pays the SE providers the bill amount, without requiring verification that the services were actually provided to the consumer. The contracts only require that the SE service provider sign the bill; the consumer's signature is not required. MDVR does not monitor the SE providers to ensure services are actually provided as claimed.
- C. In FY 2006, MDVR initiated a three-year Hispanic Liaison program designed to "increase the percentage of eligible Hispanic consumers that obtain employment." MDVR's had fixed price contracts for the Hispanic Liaison program with the maximum amount of funding decreasing over the three years as follows: \$45,000 for year one, \$35,000 for year two, and \$20,000 for year three. The contractors, on the other hand, were required to put up non-Federal funds for MDVR to use in meeting its non-Federal share under the VR program. For example, in year three, the contractor was required to put up \$25,000 of its own funds for match purposes. MDVR did not have procedures in place to ensure that the required matching funds were actually expended on behalf of VR consumers. MDVR also did not have procedures in place to ensure that the amount on the program's invoices accurately reflected the cost of the VR services provided. This lack of fiscal management was especially evident when one of the Hispanic Liaison

contracts abruptly ended because a staff member quit. There were no accounting records to document the contractor's share of the costs.

Federal regulations require MDVR to implement policies and procedures to ensure the efficient and effective administration of the VR program to ensure that all functions are carried out properly and the financial accounting is accurate (34 CFR 361.12). MDVR also is required to implement fiscal controls to ensure that VR funds are expended and accounted for accurately and traceable for each activity to ensure that the funds were expended in accordance with program requirements (34 CFR 80.20). MDVR failed to comply with these requirements in each of the examples described above as follows: 1) MDVR failed to ensure that cash advances to consumers were accounted for and monitored to ensure they were spent on allowable VR services; 2) MDVR failed to monitor the SE services providers to ensure that the services paid for with VR funds were actually spent on VR services; and 3) MDVR failed to monitor the Hispanic Liaison contracts to ensure that funds were accounted for and spent on allowable services, and that the required match was satisfied. In each of these instances, MDVR failed to follow procedures to ensure the proper and efficient administration of the program as required by 34 CFR 361.12 and 34 CFR 80.20.

**Corrective Action 4:** MDVR must:

- 4.1 develop and implement policies and procedures for: maintaining and verifying supporting documentation for all VR expenditures – both incurred by MDVR and its contractors and service providers; monitoring contractors and service providers to ensure services are actually provided; and tracking VR expenditures, as required by 34 CFR 361.12 and 34 CFR 80.20; and
- 4.2 provide a spreadsheet for FYs 2006 through 2009 detailing, from supporting documentation provided by the contractor, the actual VR program costs for the Hispanic Liaison program, including the amount of required matching funds expended by the contractor for the VR program.

RSA reserves the right to pursue enforcement action, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response to Finding 4.1 A:** MDVR has policies and procedures for maintaining and verifying supporting documentation for all VR expenditures. In addition, VR Counselors write authorizations to CRPs in support of Individualized Plans for Employment to provide immediate needs for a client to progress toward employment rather than just “advance cash to VR consumers.” Receipt of documentation is verified through the periodic reviews of VR District Offices. VR will explore options to minimize using the CRPs in the manner cited and will review current practices and monitoring requirements.

**RSA Response:** MDVR's CRP Agreements, page 10, states “If a CRP advances maintenance and/or transportation monies to a client and the client is terminated, the CRP is not expected to absorb the money advanced. It may bill for this as long as the VR counselor approved the advancement.” During file reviews, RSA staff noted the common practice of VR Counselors authorizing the payment of cash to clients for “maintenance and/or transportation” services.

According to MDVR staff, CRPs do request that consumers sign a statement that the cash advance was received. However, the responsibility for tracking and monitoring the expenditure of these funds is not identified as a requirement for the CRP. For example, funds were advanced for meals; however, there was no indication of how the CRP advancing the funds determined if the client had expended the previous amount prior to issuing additional funds. Records indicated that funds were advanced to consumers for business licenses, business insurance, and to hire accountants. MDVR does not have sufficient internal controls to track cash funds advanced through CRPs and ensure the funds have not been used in violation of the restrictions and prohibitions of applicable statutes. MDVR must complete the Corrective Actions listed above.

**Technical Assistance:** MDVR does not request TA.

**Agency Response to Finding 4.1 B:** MDVR believes finding B is not valid. MDVR does have contracts with SE providers for clients and service delivery documentation is required to make payment and becomes part of the case file. Documentation is in the form of time/attendance records, reports on client progress/participation, final report and other communication with the providers and clients. The contracts are with the provider on the client's behalf and only require the contractor's signature for payment.

**RSA Response:** MDVR was not uniformly monitoring SE provider billing to ensure services were provided to consumers. The SE provider signed the time/attendance record, developed the reports, etc. However, there was no verification that the services were actually being provided to the consumer. In most instances, the supporting documentation included only the sign-in sheet, signed by the provider, and an invoice. Current internal controls are not sufficient to ensure funds are not being misused. MDVR must complete the Corrective Actions listed above.

**Agency Response 4.2:** Reconciliation spreadsheet will be developed.

**Technical Assistance:** MDVR does not request TA.

## 5. Unallocable Costs

### Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

OMB Circular A-87, Attachment A, in pertinent part, states:

C.1. Factors affecting allow ability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

- b. Be allocable to Federal awards under the provisions of this Circular....
- C.3. a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

**Finding:** Through on-site interviews with staff and review of financial and statistical reports and their supporting documentation, RSA has learned that MDVR does not have a uniform cost basis for services provided by CRPs. Instead, MDVR develops a fee schedule based on the CRP's estimated costs of providing VR services. MDVR accepts these estimates without verifying the actual costs of the services provided, despite the fact that the contract requires CRPs to submit annual audits to MDVR. As a result of this process, MDVR pays wide-ranging amounts for the same services in the same locality depending on the CRP providing the services. For example, in one urban area, the cost paid to two CRPs for the same service in the same geographic area differed substantially and there was no supporting documentation verifying the costs for either provider or justifying the variation in costs.

Federal regulations require MDVR to establish procedures that enable it to administer the VR program in an efficient manner that ensures that it can carry out all functions properly (34 CFR 361.12). The Federal cost principles require that allowable costs to be necessary and reasonable for proper and efficient program performance and administration, as well as be allocable to the program (OMB Circular A-87, Attachment A, paragraph C.1.). In order to be allocable to the program, the cost must be relative to the benefit received (*Id.* at paragraph C.3.). MDVR has failed to comply with 34 CFR 361.12 by not having a uniform system for developing a fee schedule with CRPs. The lack of this system results in MDVR paying substantially different amounts for the same services in the same geographic area. Paying different amounts for the same services in the same area is neither reasonable, necessary, nor allocable to the VR program. MDVR, therefore, has failed to comply with the requirements set forth at 34 CFR 361.12 and the cost principles set forth in OMB Circular A-87.

**Corrective Action 5:** MDVR must:

- 5.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that MDVR will ensure that payment for CRP services will comply with 34 CFR 361.12 and OMB Circular A-87; and,
- 5.2 develop, implement and submit policies and procedures for establishing a uniform cost basis for CRP services in order to ensure that payments for CRP services are based upon verifiable costs consistent with the benefits received.

RSA reserves the right to pursue enforcement action as it deems appropriate, including the recovery of funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response 5.1:** Written assurance forthcoming (see 5.2 response).

**Technical Assistance:** MDVR does not request TA.

**Agency Response 5.2:** MDVR is working with the TACE to develop a process for establishing uniform cost basis for CRP services consistent with benefits received. Once these baselines are established, policies will be written to implement consistent treatment amongst the CRPs.

**RSA Response:** MDVR must complete the Corrective Actions listed above.

**Technical Assistance:** Upon receipt of recommendations from TACE, MDVR requests technical assistance.

## **6. Program Income Reporting**

### **Legal Requirement:**

34 CFR 361.63(c)(1) states “Except as provided in paragraph (c)(2) of this section, program income, whenever earned, must be used for the provision of vocational rehabilitation services and the administration of the state plan. *Program income is considered earned when it is received.*” (emphasis added)

**Finding:** MDVR did not report program income in the fiscal year it was earned. A review of MDVR’s SF-269 reports showed that program income has increased between the state’s 4<sup>th</sup> quarter and final SF-269 submissions for FY 2004 and FY 2006. Program income must be reported in the FY in which it was received. Therefore, MDVR was not in compliance with 34 CFR 361.63(c)(1).

**Corrective Action 6:** MDVR must:

- 6.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future reporting of program income will comply with 34 CFR 361.63(c)(1);
- 6.2 develop and submit procedures that ensure program income is reported in accordance with established regulations; and,
- 6.3 revise the 4<sup>th</sup> quarter and final SF-269 reports submitted for FY 2004 and FY 2006 to reflect the correct reporting of program income.

**Agency Response 6.1:** Written assurance forthcoming

**Technical Assistance:** MDVR does not request TA.

**Agency Response 6.2:** Written procedures were already in place. Reports are prepared in accordance with cited regulations. Errors noted in reporting of Program Income were a result of coding errors and accounting adjustments were subsequently made.

**RSA Response:** Please submit a copy of the written procedures for RSA to review.

**Technical Assistance:** MDVR does not request TA.

**Agency Response 6.3:** MDVR will revise the SF-269s as requested.

**Technical Assistance:** MDVR does not request TA.

## CHAPTER 4: RSB VOCATIONAL REHABILITATION AND SUPPORTED EMPLOYMENT PROGRAMS

The following table provides data on the performance of RSB's VR and SE programs in key areas from FY 2003 through FY 2007.

**Table 4.1**  
**RSB Program Highlights for VR and SE Program for FY 2003 through FY 2007**

Program Highlights	2003	2004	2005	2006	2007
Total funds expended on VR and SE	\$10,636,364	\$10,167,063	\$9,374,053	\$10,182,898	\$10,512,895
Individuals whose cases were closed with employment outcomes	342	239	242	246	256
Individuals whose cases were closed without employment outcomes	304	122	66	69	79
Total number of individuals whose cases were closed after receiving services	646	361	308	315	335
Employment rate	52.94%	66.20%	78.57%	78.10%	76.42%
Individuals whose cases were closed with SE outcomes	1	1	1	2	2
New applicants per million state population	104.91	93.91	91.55	93.49	87.24
Average cost per employment outcome	\$7,368.06	\$9,084.44	\$11,737.27	\$12,158.43	\$12,185.33
Average cost per unsuccessful employment outcome	\$8,447.91	\$6,883.20	\$8,377.95	\$11,535.04	\$10,587.75
Average hourly earnings for competitive employment outcomes	\$12.32	\$13.15	\$13.33	\$12.88	\$13.57
Average state hourly earnings	\$16.24	\$16.54	\$17.19	\$17.75	\$18.32
Percent average hourly earnings for competitive employment outcomes to state average hourly earnings	75.86%	79.50%	77.55%	72.56%	74.07%
Average hours worked per week for competitive employment outcomes	30.39	31.97	31.63	30.83	29.55
Percent of transition age served to total served	10.06%	12.47%	10.39%	8.25%	12.24%
Employment rate for transition population served	30.77%	44.44%	65.63%	69.23%	70.73%
Average time between application and closure (in months) for individuals with competitive employment outcomes	24.3	22.9	25.5	24.2	25.3
Performance on Standard 1	Not Met	Not Met	Met	Met	Met
Performance on Standard 2	Met	Met	Not Met	Met	Not Met

## **VR and SE Service Delivery**

RSB administers seven district offices, and its field staff is comprised of district supervisors, rehabilitation teachers, VR counselors and orientation and mobility (O&M) specialists, as well as other staff listed below.

## **Supported Employment**

Although RSB contracts with 18 CRPs to provide VR services, it does not collaborate with these same CRPs to provide SE services. RSB intends to enhance its collaboration with these CRPs and to expand its SE program for individuals who are blind and experience other disabilities.

## **Adjustment to Blindness Services**

RSB's O & M specialists and rehabilitation teachers provide training and Braille instruction to individuals served through the VR program. RSB contracts with rehabilitation engineers to assess the needs of individuals for rehabilitation technology and to provide training to these individuals in the use of AT devices. RSB also assists individuals to engage in comprehensive residential training programs offered in Missouri, as well as through other out-of-state providers.

One of RSB's largest providers of adjustment to blindness training is Alphapointe. RSB contracts with Alphapointe to provide "personal vocational adjustment" services to individuals served through the VR program. The training is provided to individuals on a residential basis, and a non-residential basis to individuals from the Kansas City area, and is designed to meet the needs and skills of each individual. Typically, the training consists of three to six months of courses in orientation and mobility, Braille, assistive technology and independent living skills.

Alphapointe offers two additional programs to transition-age youths and other individuals entering postsecondary training for the first time. Through its STEP program, Alphapointe provides summer work experiences to transition-age youths each summer. Through this program, Alphapointe develops professional level summer internships in keeping with the interests and skills of individuals in their own communities. Alphapointe also offers a college preparatory program to transition-age youths or other individuals interested in postsecondary education. Through this program, individuals enroll in a community college in the Kansas City area for one year during which they access student disability services and carry a full course load, while participating in the AlphaPointe program.

## **Policy Development**

The RSB chief of field operations, in consultation with the state rehabilitation council, is responsible for the drafting, updating, and implementation of all VR service policies. All VR service policies were updated to reflect the 1998 amendments to the Rehabilitation Act and its implementing regulations. The chief of field operations also conducts all training of the VR staff to ensure the appropriate application of any policies. The agency maintains a blanket exception clause for any service policy limitations, and the RSB administrator serves as the final arbiter for the granting of any exceptions.



## Transition Services

RSB does not have a separate transition program. All VR counselors work with transition-age youths. RSB employs children specialists who work with children from birth to transition age and provide students and their families with information about the VR program as they progress through school and transition to adulthood.

RSB works collaboratively with summer programs, college preparatory programs and transition programs within local schools. While the local schools provide the basic transition services, RSB provides the VR transition services that involve planning and preparing for each student's vocational future. RSB provides a continuum of services to minimize gaps and delays in service during the transition from school to post-school activities. RSB is also involved in the Cooperative Work Experiences Program with MDVR in which students receive high school credit for internships or summer jobs.

## Self-Employment

RSB actively assists individuals interested in self-employment as a vocational goal. RSB's senior management is involved in the development and review of all self-employment proposed business plans. The RSB administrator has initiated training for all VR counselors in the basics of business plan development, analysis of business financials, and marketing. All individuals who seek an outcome of self-employment must have their business plans reviewed and approved by a panel of senior managers, including the RSB administrator, chief of field operations and the chief financial officer.

RSB requires its VR counselors to be involved in the development and vetting of business plans. Counselors have expert assistance available in this process from the Missouri Small Business Administration as well as community colleges. RSB's primary criterion for approving business plans is based upon "loan readiness," meaning that a plan ought to be sufficiently sound such that a bank would be likely to approve it and support the enterprise.

RSB expects that all successful enterprises supported under an IPE will be profit-making ventures with the individual consumer earning at least the state minimum wage. Some examples of successful enterprises supported in part by RSB include: cattle breeder, pawn shop proprietor, a writer/publisher of Amish cook books, and an on-line graphic artist.

## Personnel

In FY 2008, RSB had a total of 114 full time equivalent (FTE) staff positions. The following numbers of staff were included in the FTE count: 17 vocational rehabilitation counselors, 18 rehabilitation teachers, 6 O & M specialists, 7 district supervisors, 22 rehabilitation assistants, 7 clerical supervisors, 5 children's specialists, 5 business enterprise district supervisors and 2 job development specialists. RSB employs 23 administrative and management staff in various positions at the central office in Jefferson City, as well as part-time employees who assist with reader and driver functions for RSB staff.

## **Data Management**

In FY 2003 and FY 2004, RSB implemented a paper-based case management system and was in the process of converting this system to an electronic system at the time of the review. Using the new system, VR staff will be able to input information, such as IPEs and case notes, directly in the system from remote locations. In addition, both agency management and staff will be able to obtain case management reports and conduct ad hoc queries to analyze specific issues.

During the spring and summer of FY 2009, the agency was collaborating with the vendor of the system to provide training to all VR staff on the use and capabilities of the new system, in anticipation of its full implementation early in FY 2010. The training was based on a train-the-trainer model, through which the agency identified VR staff from each office who were responsible for training their colleagues. In addition, RSB identified staff from each office who are blind or visually impaired to provide training on the accessibility features of the new electronic system to other staff who use screen access technology.

RSB's FY 2003 data are often inconsistent with the trends from FY 2004 through FY 2007, in a number of categories. These data anomalies in the FY 2003 data can be attributed to the efforts of the agency to close inactive cases, the use of a definition for homemaker closures that was not in line with the appropriate use of this closure, and the transition in FY 2003 and FY 2004 to a new management information system with revised coding procedures and definitions that were significantly different from those found in the previous system. Subsequent to FY 2003, the agency revised its homemaker outcome policy, which resulted in a significant reduction of homemaker outcomes from FY 2003 forward. This redefinition resulted in a significant drop in performance outcomes from FY 2003 to FY 2004.

## **Quality Assurance**

The agency's quality assurance (QA) procedures focus on the conduct of a service record review designed to analyze compliance with federal VR program requirements and agency policies. VR office supervisors conduct monthly service record reviews so that 100 percent of the agency's caseload is reviewed every two years. In addition, the chief of field operations conducts a review of a sample of field office caseloads on a quarterly basis. Each quarter, field office supervisors provide agency management with reports of their QA activities.

Finally, RSB conducts consumer satisfaction surveys of individuals who have exited the VR program after receiving services to identify service delivery issues and staff training needs.

## **Planning**

The DSS strategic plan incorporates RSB agency goals. However, the agency's strategic planning efforts are grounded in its VR state plan. When developing the goals and strategies included in the state plan, RSB seeks input from all levels of program staff, the SRC and consumer organizations. In addition, the agency provides information at SRC quarterly meetings that enables the members to assess the performance of RSB with respect to federal standards and indicators and other performance measures.

## **VR and SE Programs Technical Assistance Provided to RSB During the Review Process**

RSA provided VR and SE program technical assistance to RSB during the review process regarding:

- data analysis to assist RSB management to target areas for program improvement and development;
- outcome-based CRP contracting to improve CRP performance;
- use of the RSA MIS and methods to identify areas to target improved performance;
- the redesign of RSB's customer satisfaction survey and how to translate such information into goals and priorities for inclusion in the VR state plan;
- comprehensive statewide needs assessments using research methodology; and
- strategic planning and how to establish measurable goals and performance measures and incorporate those goals and measures into the VR state plan.

## **Observations of RSB and Its Stakeholders about the Performance of the VR and SE Programs**

RSA solicited input from RSB and a wide range of its stakeholders about the performance of the VR and SE programs. RSB and its stakeholders shared the following observations:

- RSB should consider building capacity of CRPs to provide VR and IL services;
- RSB should expand its services to individuals who are blind and have multiple disabilities; and,
- RSB should be more actively engaged with consumer organizations.

RSA discussed the observations of its stakeholders with RSB and addressed them either directly or by consolidating them into a broader issue area.

## Continuing Education Needs of RSB Staff

RSA solicited input from RSB to identify the following continuing education needs of its staff:

- professional development and on-going training for O&M instruction and independent living skills training for the blind;
- the development of more rigorous survey methodologies for conducting customer satisfaction surveys, and Expanding the scope and range of the comprehensive needs assessment, utilizing the model sponsored by RSA.

RSA solicited input from RSB's stakeholders to identify the following continuing education needs of RSB staff:

- rehabilitation technology training for staff; and
- job assessment and career development techniques for individuals who are blind or visually impaired.

## VR and SE Performance Observations and RSA Recommendations

RSA identified the following performance observations and made recommendations to RSB about those observations. RSB responded to each of the recommendations and in those instances when RSA and RSB agreed upon a recommendation, RSA and RSB identified the technical assistance that RSA would provide to RSB to successfully implement the recommendation.

### 1. RSB VR performance

**Observation 1:** RSB faces a potentially significant contraction of its program if it does not address several recent trends in its performance, including the decrease in the number of referrals and applications, the percentage of individuals served who are employed at application, and the attrition rate of those determined eligible, but who exit the VR program prior to receiving services.

### Referrals and Applications

RSB experienced an overall decline in the number of referrals and applicants for VR services. Referrals for individuals served declined from 648 in FY 2003, to 335 referrals in FY 2007. During this same period, the number of applications declined from 647 in FY 2003, to 470 in FY 2007. Applicants per million dropped from 104.91 to 87.24 during this same period. (See table 4.2 below).

**Table 4.2**  
**RSB Referral and Applicant Trends for FY 2003 through FY 2007**

Performance Measures	2003	2004	2005	2006	2007
New applicants per million state population	104.91	93.91	91.55	93.49	87.24
Number of Applicants	817	491	407	451	479
Self-Referral Source	379	255	216	240	221
Percent	58.7%	70.6%	70.1%	76.2%	66.0%
Total Served	646	361	308	305	335

- Additionally, in FY 2007, 66 percent (221 of 335) of all referrals for individuals who received services in that fiscal year were reported as “self referrals,” constituting the single largest category of referral sources. There is a consistent trend, as table 4.2 and Appendix D indicate, with 58.7 percent (379 of 646) individuals in FY 2003 reported as self-referred. This is much higher than other agencies serving the blind population, which averages in the upper 40<sup>th</sup> percentile for this referral source. (See Appendix D for referral sources and comparative agency data).
- The high number of self referrals indicates that RSB may need to gather more accurate data on referral sources, and to identify areas where the agency needs to conduct greater outreach efforts.
- RSB lacks a cohesive outreach plan to enhance the agency’s visibility in the community and increase referrals.
- RSB notified RSA that it has developed a preliminary plan to address the reduction in referrals in order to reverse this trend. Each VR counselor has a performance goal to ensure that a “replacement rate” is achieved. This indicates that each VR counselor is evaluated on whether the number of individuals who enter the caseload as applicants either equals or exceeds the number of individuals who exit the VR counselor’s caseload in a given year.

#### **Individuals Determined Eligible**

- The number of individuals determined eligible declined from 498 in FY 2003 to 372 in FY 2007. This resulted in a slight increase in the eligibility rate from 82.9 percent in FY 2003 to 84.6 percent in FY 2007. (See Table 4.3 below).

**Table 4.3**  
**RSB Eligibility Measures of Applicants Determined Eligible for FY 2003 through FY 2007**

Eligibility Measures	2003	2004	2005	2006	2007	Blind Agencies Average 2007
Total Eligible	603	537	512	570	563	630
Percent of total applicants	93.2%	91.6%	91.3%	95.0%	98.8%	98.4%
Eligibility Rate	82.9%	82.0%	86.0%	84.6%	84.5%	84.7%

- RSB has maintained level performance with respect to competitive employment outcomes, consistently higher than most of its peer agencies to which RSB is compared. The drop in employment outcomes between FY 2003 and FY 2007, from 342 to 256 is a result largely of

RSB's shift away from homemaker as a vocational goal to focus on competitive employment outcomes. RSB has also gained ground when the numbers of those with self employment as a vocational goal are included in the total. (See Table 4.4 and Table 4.5 below).

**Table 4.4**  
**RSB Closure Performance for FY 2003 through FY 2007**

<b>Closure Performance</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
With employment	342	239	242	246	256
Without employment	304	122	66	69	79
With supported employment	1	1	1	2	2
Percent of total employment outcomes	0.3%	0.4%	0.4%	0.8%	0.8%
Self-employment	52	25	33	33	36
Percent of total employment outcomes	15.2%	10.5%	13.6%	13.4%	14.1%
With competitive employment	236	213	231	226	228
Percent of total employment outcomes	69.0%	89.1%	95.5%	91.9%	89.1%
With competitive employment - with employment at application	146	149	141	141	134
Percent of total competitive employment outcomes	61.9%	70.0%	61.0%	62.4%	58.8%

### **Employed at Application**

- A significant percentage of the individuals who exit the RSB VR program with an competitive employment outcome were employed at application. In FY 2007, 134 of the 228 individuals (58.8 percent) who achieved an competitive employment outcome were employed when they applied for services with RSB. This percentage remained relatively constant over five years, with 146 of 236 (61.9 percent) competitive employment outcomes in FY 2003 achieved by individuals who had employment at application. (See Table 4.4 above).

**Table 4.5**  
**RSB Competitive Employment Outcome Performance for FY 2007**

<b>Closure Performance</b>	<b>MO - Blind</b>	<b>KY - Blind</b>	<b>MN - Blind</b>	<b>VA - Blind</b>	<b>WA - Blind</b>	<b>Blind Agencies</b>
With competitive employment	228	304	80	187	169	5,700
With competitive employment - without employment at application	94	111	47	90	92	2,480
Percent of total competitive employment outcomes	41.2%	36.5%	58.8%	48.1%	54.4%	43.5%
With competitive employment - without employment at application	134	193	33	97	77	3,220
Percent of total competitive employment outcomes	58.8%	63.5%	41.2%	51.9%	45.6%	56.5%

#### **Attrition**

- The number of individuals whose cases were closed after their eligibility was determined, but before their IPEs were developed, increased from 28 (8.3 percent) in FY2005 to 61 (12.7 percent) in FY2007 (see table 4.6 below).
- As demonstrated in Table 4.6, the number of individuals who exited the program after eligibility and prior to a signed IPE increased to 52 in FY2006 and continued to increase to 61 in FY2007, or 12.7 percent of the total number of individuals who exited the program. The average for all agencies serving individuals who are blind and visually impaired is 9.4 percent. RSB's performance on this measure in FY2007 represents a return to the agency's performance levels in FY2003, representing a negative trend toward increasing number of individuals dropping out of the program at this point in the process (see table 4.6 below).

**Table 4.6**  
**RSB Closure Types for All Individual Cases Closed for FY 2003 through FY 2007**

<b>Closure Type</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Blind Agencies 2007</b>
5. Exited without an employment outcome, after a signed IPE, but before receiving services	0	1	0	0	1	157
Percent	0.0%	0.2%	0.0%	0.0%	0.2%	1.1%
7. Exited without an employment outcome, after eligibility, but before an IPE was signed	68	29	28	52	61	1,321
Percent	8.3%	5.9%	6.9%	11.5%	12.7%	9.4%
Total	817	491	407	451	479	14,128

- Table 4.7 below provides FY 2007 data related to the reasons specified in the RSA-911 for case closures at the various stages of the VR process. During that year, among the individuals who exited the VR program after the determination of eligibility but before the development of their IPEs, 16 cases were closed because RSB was unable to contact the

individuals, representing 26.6 percent of all cases closed at this stage of the process. RSB closed the cases of an additional 13 individuals (21.3 percent) at this stage because the individuals failed to cooperate. Finally, the reason given most often for case closure at this stage of the process was that the individuals refused services, with 28 (45.9 percent) of the cases closed for this reason. This represents a significant number of closures with minimal explanations as to their root causes.

**Table 4.7**  
**RSB Reasons for Closure by Closure Types for FY 2007**

Reason for Closure	1. Exited as an applicant	3. Exited with an employment outcome, after receiving services	4. Exited without an employment outcome, after receiving services	5. Exited without employment outcome, after IPE, before receiving services	7. Exited without employment outcome, after eligibility, before IPE was signed	Total
Unable to locate or contact	7	0	25	0	16	48
Percent	8.5%	0.0%	31.6%	0.0%	26.2%	10.0%
Refused services or further services	8	0	28	1	28	65
Percent	9.8%	0.0%	35.4%	100.0%	45.9%	13.6%
Failure to cooperate	5	0	4	0	13	22
Percent	6.1%	0.0%	5.1%	0.0%	21.3%	4.6%
Total	82	256	79	1	61	479

**Recommendation 1:** RSA recommends that RSB:

- 1.1 assess the degree to which the agency's "replacement rate" efforts are effectively bringing in new referrals, and make referral rates part of the agency's overall quality assurance practices;
- 1.2 develop and implement an outreach plan with strategies for increasing the visibility of the agency within the community, such as branding of the agency to have a more recognizable profile;
- 1.3 train VR counselors on identifying and coding referral sources in a more accurate manner;
- 1.4 analyze what referral sources are lacking and develop and implement strategies to target those areas for more outreach in order to increase referrals;
- 1.5 identifying strategies to overcome barriers to the successful navigation of the VR program by those not employed at application and establish goals and measures that address these barriers;
- 1.6 conduct targeted outreach activities designed to reach individuals who are blind and unemployed;



- 1.7 conduct surveys of individuals who exit the VR program after eligibility is determined but before their IPEs are developed, to better understand the reasons why these individuals are withdrawing from the program; and
- 1.8 based on the information obtained through this survey, develop goals with measurable targets to decrease the number of individuals leaving the program at this stage of the process, and develop strategies to achieve these goals.

**Agency Response:**

- 1.1 RSB will continue to monitor the "replacement rate" that was initiated at the end of FY 2007 as part of our quarterly supervisory meetings and will analyze the trends of referrals as part of our ongoing quality assurance visits with district offices.
- 1.2 RSB will continue the work initiated to develop identifiable marketing strategies that will brand RSB within the community, including development of new marketing materials.
- 1.3 RSB will provide training to all VR counselors within FY 2010 on the more accurate identification and coding of referral sources in conjunction with System 7 Case Management System training.
- 1.4 RSB will analyze referral sources at the conclusion of staff training on more accurate identification and coding of referral sources and create strategies for more effective outreach based on that new data.
- 1.5 RSB has established goals regarding the performance of clients transiting the VR program who are unemployed at application. RSB will identify specific strategies, along with measurable goals for performance, to remove barriers to success in employment of persons with no/little work history.
- 1.6 RSB has conducted targeted outreach activities through its district offices; during FY 2010, RSB will develop strategies for outreach activities aimed at specific high-rate referral sources and those entities that can best be accessed through a centralized effort.
- 1.7/1.8 RSB will institute a one-time study of a cohort of individuals (FY 2008 closures) who have been closed in Status 30 to identify their reason for closure and compare those to the information contained in the case record. Based on the results of this study, RSB will establish strategies to reduce the number of clients exiting the system prior to beginning services.

**Technical Assistance:** RSB does not request TA.

**2. Self Employment Outcomes**

**Observation 2:** RSB achieves a higher percentage of successful self-employment outcomes compared to its peers. One district office is primarily responsible for generating a significant percentage of these closures.

- In FY 2007, 36 individuals exited the VR program with a self-employment outcome, representing 14 percent of all individuals who achieved employment. As Table 4.8 below shows, this represents a trend of a high number of self-employment outcomes as a percentage of all employment outcomes. In addition, Table 4.9 indicates that RSB achieves a higher percentage of self-employment outcomes than the similarly situated peer agencies to which it is compared.

**Table 4.8**  
**RSB Self Employment Status at Closure for FY 2003 through FY 2007**

Closure Status	2003	2004	2005	2006	2007
Self-Employment Outcomes	52	25	33	33	36
Percent	15.20%	10.46%	13.63%	13.41%	14.06%
Total Employment Outcomes	342	239	242	246	256

**Table 4.9**  
**RSB Employment Status at Closure for Individuals with Self-Employment Compared to Peers for FY 2007**

Employment Status at Closure	MO - Blind	KY - Blind	MN - Blind	VA - Blind	WA - Blind	Peer Averages
Self-Employment	36	26	9	24	13	22
Total	256	377	81	197	172	217

- The trend declined just slightly in FY 2008, when RSB assisted 33 individuals (12 percent of total employment outcomes) to achieve a self-employment goal. During the first six months of FY 2009, 21 individuals (12 percent of all employment outcomes) achieved the goal of self-employment. Despite this slight decline in performance, overall this remains an area of high performance for the agency.
- According to data provided by RSB and as indicated in Table 4.10, a district by district breakdown of the number of self-employment outcomes achieved in FY 2008 shows some variation in the performance from office to office for this outcome. Some district offices achieve a high number of outcomes, both in terms of the total number as well as a percentage of all successful outcomes that were self-employment. For example, district 5 achieved nine self-employment outcomes in FY 2008, or 17 percent of all employment outcomes for the office, and nearly one third of the total for the agency. Similarly, district offices 1 and 4 achieved six and seven outcomes, or 21 and 22 percent of their office totals respectively.

**Table 4.10**  
**RSB's Successful Employment Outcomes and Self-Employment Closures by Districts**  
**for FY 2008**

Districts	Employment outcomes	Percent of Employment Outcomes	Self-Employment	Self-Employment Percent
District 1 KCN	28	84.85%	6	21.43%
District 2 Mid Mo	50	100.00%	0	0.00%
District 3 SLN	31	81.58%	1	3.23%
District 4 SE	31	88.57%	7	22.58%
District 5 SW	52	98.11%	9	17.31%
District 6 SLS	43	107.50%	6	13.95%
District 7 KCS	30	88.24%	4	13.33%
Total	265	93.64%	33	12.45%

- During on-site discussions, counselors and supervisors in the field revealed that they were unfamiliar with the administrator's expectations that all VR counselors receive specific training on business plan development, financials and marketing. Some VR counselors had taken the training, but others were unaware of the requirement.
- District supervisors are not required or expected to seek training in business plan development or evaluation. VR counselors take the lead role in defending a business plan to the review panel which is chaired by the VR administrator.
- RSB does not survey individuals who do not achieve their self-employment outcomes to identify possible barriers to success in this vocational goal.

**Recommendation 2:** To expand on its success in the area of self-employment, RSA recommends that RSB:

2.1 identify key variables of success in the various district offices and conduct training and workshops to share strategies and best practices with other districts;

2.2 ensure that all VR counselors receive training in business plan development, financials and marketing;

2.3 strongly encourage district managers to receive training on the assessment and development of business plans in order to take a more active role in the review and approval of business plan;

2.4 reduce the need for the VR administrator to be actively involved in developing and approving business plans by increasing the oversight role of district managers in this area;

2.5 establish a mechanism for tracking individuals who are unsuccessful at achieving their goals of self-employment in order to identify training or service needs that will increase the agency's performance with this vocational goal across all districts.

**Agency Response:**

2.1 RSB will continue to analyze trends in self-employment practices and placement between the various district offices and conduct reviews of business plans and IPE's that contain self-employment elements. The results of these analyses will be used to determine the best strategies to disseminate the information and practices to VR counselors throughout the state.

2.2 RSB will survey all VR counselors to determine the number who have not yet received this training. RSB will ensure that all VR counselors who have not received training in self-employment related development processes are given the opportunity to do so.

2.3 RSB will strongly encourage district supervisors who have not already received this training to take part in it. RSB will continue to involve the district supervisors in the review and approval process for business plans.

2.4 RSB's current vetting process involves the active participation of the client, the counselor and the district supervisor as well as the appropriate outside small business development consultant prior to a centralized review by the senior management panel. The centralized review process includes a presentation of the plan and a question and answer format. RSB believes that the centralized review mechanism for business plans is vital to their success and the good stewardship of VR funds expended for self-employment plans.

2.5 RSB will establish tracking within the electronic case management system (System 7) as it is implemented to more closely follow expenditures and service delivery to both successful and unsuccessful individuals with a goal of self-employment to better understand what services and supports are most likely to result in attainment of successful self-employment.

**Technical Assistance:** RSB does not request TA.

**3. Supported Employment Development through increased use of CRPs**

**Observation:** RSB underutilizes the supported employment program and had no successful outcomes in supported employment in FY 2008.

- During the review, RSB leadership stated that it had identified a goal to develop supported employment services through outreach to individuals who are blind and have multiple disabilities, including mental illness and traumatic brain injuries.
- RSB leadership indicated that there was a need to expand the capacity of CRPs to provide SE services to blind individuals with multiple disabilities.
- CRPs indicated that they lacked the capacity or skills to serve this population. AlphaPointe management stated that it was not cost effective to provide SE services to RSB program participants due to the small number of individuals in need of the service.

**Recommendation 3:** RSA recommends that RSB:

3.1 establish an ongoing taskforce of CRPs and RSB leadership to develop a long-range plan to expand and strengthen the SE program to improve services for blind individuals with multiple disabilities;

3.2 develop CRP outcome-based contracts for the provision of SE services, which include the use of a “report card” system in order to increase CRP accountability and to improve the quality and quantity of SE outcomes; and

3.3 train staff on the SE program regulations and philosophy to increase the use of this program and establish blindness-specific performance standards for supported employment.

**Agency Response:**

3.1 RSB has established a workgroup consisting of CRP management and RSB leadership with the intent to review the relationship between RSB and the CRPs, identify barriers to cooperative efforts in support of SE clients and develop strategies to overcome the barriers.

3.2 RSB will review and analyze the current CRP contracts to determine the feasibility of including outcome-based measurements in future contract issuances. This review will take place in conjunction with the joint CRP-RSB workgroup described in 3.1 above.

3.3 RSB will provide training to VR staff on the regulations and philosophy of the SE program, along with identification of likely SE clients as part of the quality assurance program. RSB will develop a blindness-specific model for service provision by CRPs in conjunction with the development of future CRP contracts for SE.

**Technical Assistance:** RSB does not request TA.

**4. Rehabilitation Technology**

**Observation :** RSB provides rehabilitation technology devices to a significant majority of the individuals it serves. However, these individuals sometimes cannot benefit from this technology because they receive devices that do not meet their needs or they lack the basic skills required for the effective utilization of this equipment.

- According to data from the RSA-911 contained in table 4.11 below, RSB provided rehabilitation technology to more than two-thirds of the individuals whose cases were closed from FY 2004 through 2007, ranging from 212 to 243 individuals and 67.3 percent to 74.6 percent. The percentage of individuals in the state who received rehabilitation technology services is substantially higher than the percentage of individuals who receive rehabilitation technology services nationwide from all agencies that provide services to individuals who are blind and visually impaired.

**Table 4.11**  
**RSB Individuals Served who received Rehabilitation Technology Services for FY 2003**  
**through FY 2007**

<b>Individuals Receiving Rehabilitation Technology</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Blind Agencies 2007</b>
Number of Individuals	508	243	212	235	236	3,893
Percent of Individuals	78.6%	67.3%	68.8%	74.6%	70.4%	39.9%

- Rehabilitation teachers and VR counselors employed by the agency assess the needs of individuals for rehabilitation technology and determine the specific devices to be purchased.
- During the on-site visit, rehabilitation engineers who provide training to individuals through contracts with RSB indicated that sometimes the rehabilitation technology purchased is not appropriate to address the needs of the individuals and that the individuals lack the basic skills to effectively utilize the rehabilitation technology provided by RSB. As a result, the technology must be returned and new devices purchased, or additional training provided, leading to delays in the progress of the individuals through the VR program.
- Rehabilitation teachers and VR counselors requested training in the ongoing developments in rehabilitation technology, so that they possess the knowledge required to better assess the needs of the individuals they serve and the devices that can best address these needs.

**Recommendation 4:** RSA recommends that RSB:

4.1 provide training to its staff, including rehabilitation teachers and VR counselors, on available rehabilitation technology devices on a regular basis to ensure that they possess the knowledge required to make thorough assessments and determinations of the rehabilitation technology needs of the individuals served through the VR program;

4.2 consider using the rehabilitation engineers with which it contracts to provide assessments and determinations of rehabilitation technology needs of the individuals served through the VR program on a more frequent basis to ensure that the appropriate devices are purchased and to avoid delays in service provision; and

4.3 ensure that the basic rehabilitation technology skills of the individuals are assessed and that the individuals receive the training necessary to address any identified lack of skill.

**Agency Response:**

RSB's evidence-based philosophy is that access, storage and retrieval of information is a major barrier to success in the home, community, school and employment for persons with visual disabilities and assistive technology is a primary strategy to overcome that barrier. The key to employment success is education, and equal access to information is critical to obtaining a quality education.

4.1 RSB will develop a methodology of presenting current information regarding available rehabilitation assistive technology devices and software on a regular basis for all direct care staff.

4.2 RSB requires an evaluation by rehabilitation engineers prior to the purchase of complex rehabilitation technology. RSB will continue to stress to VR staff the importance of utilizing the recommendations of the rehabilitation engineer in the decision-making process with the client in selecting the equipment, training and service provider relating to rehabilitation technology.

4.3 RSB provides rehabilitation technology training through the use of resources within the agency; such as, our AT specialist and field staff who have end user expertise, contracted rehabilitation engineers, CRPs and facilities that provide technology training as part of their personal vocational adjustment to blindness curriculum. RSB will continue to stress the importance of development of good rehabilitation technology skills as a primary employment factor for VR clients.

**Technical Assistance:** RSB does not request TA.

**5. Adjustment to blindness**

**Observation:** RSB has not assessed the extent to which its existing resources, both within the agency and through community providers, meet the current and future demand for adjustment to blindness services among VR program participants.

- In keeping with RSA recommendations, RSB management indicated during the course of the review that it will take steps to enhance its outreach efforts to individuals who are unserved or underserved, that will likely result in a greater demand for adjustment to blindness services among an increased number of individuals participating in the VR program.
- Currently, RSB employs 6 O & M specialists and 18 rehabilitation teachers to provide training and Braille instruction in the local community to individuals who cannot or do not choose to participate in residential training programs at Alphapointe or out of state programs.
- AlphaPointe serves a limited number of individuals through its three programs. Its management and staff indicated that it typically serves approximately 10 individuals in its personal vocational adjustment program during any point of a fiscal year, two to six transition-age youths in its summer work experiences program and two individuals in the college preparatory program.
- RSB provides adjustment to blindness services to a high percentage of all individuals served (see table 4.12 below). In FY 2007, 147 of 335 (43.9 percent) of all individuals served received these services compared to 36.2 percent for all agencies serving the blind. Given

RSB's commitment to providing such services to a high percentage of eligible individuals, the agency will need to consider how it will continue to meet demand as it seeks to increase the number of referrals and the total number served by the VR program.

**Table 4.12**  
**RSB Individuals Served who Received Disability Augmentative Skills Training**  
**(Adjustment to Blindness) for FY 2003 through FY 2007**

<b>Individuals Served</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
RSB - Individuals Served	646	361	308	315	335
RSB - Individuals who Received Disability Related Augmentative Skills Training	347	160	152	158	147
RSB – Percent	53.7%	44.3%	49.4%	50.2%	43.9%
All Blind Agencies - Individuals Served	11,582	10,574	10,254	9,824	9,750
All Blind Agencies - Individuals who Received Disability Related Augmentative Skills Training	4,856	4,325	4,006	3,552	3,533
All Blind Agencies – Percent	41.9%	40.9%	39.1%	36.2%	36.2%

Note: Disability related augmentative skills training includes but is not limited to: orientation and mobility; rehabilitation teaching; training in the use of low vision aids; Braille; speech reading; sign language; and cognitive training/retraining.

**Recommendation 5:** RSA recommends that RSB:

5.1 In light of actions to improve outreach activities that may result in an increase in the number of applicants and individuals served in the VR program, conduct an assessment of its capacity to provide adjustment to blindness services through existing resources, including those available within the agency, through Alphapointe and other Missouri CRPs, and from out of state programs, and determine if a need exists to expand the agency's capacity to provide these services; and

5.2 develop goals and strategies to address service needs identified by this assessment and incorporate these goals and strategies into the state plan.

**Agency Response:**

5.1/5.2 RSB will assess the capacity of resources for providing adjustment to blindness services through its internal programming, in-state CRPs and out-of-state contracted providers to meet the possible expanded need created by improved outreach activities. RSB will determine if additional capacities are needed and develop strategies to increase them based on the results of the assessment and the referral trends that result from the outreach efforts. These strategies will be included in development of the VR State Plan process as well as the State Plan for Independent Living.

**Technical Assistance:** RSB does not request TA.



## 6. Policy Implementation

**Observation:** RSB would benefit from more consistent implementation of service policies across its district offices. The lack of policy interpretation resources result in a delay in the provision of VR services as VR counselors must seek guidance from supervisors and managers.

- RSB chief of field operations, in consultation with the state rehabilitation council, is responsible for the drafting, updating, and implementation of all VR service policies.
- there are no ad hoc or standing focus groups that regularly address issues respecting the interpretation and implementation of VR service policies. District supervisors provide routine guidance to VR counselors and staff who have questions about how a service policy is to be implemented, or when and if an exception may be granted for any limitation placed on a particular service.
- RSB senior managers have actively sought to establish uniform standards of policy interpretation and implementation in order to reduce inconsistencies from district to district.
- However, there is no database or other standing resource that VR counselors or supervisors may consult for guidance on how service policies are to be implemented. The policy manual does not provide specific interpretive guidance; for this counselors rely regional managers or central office administrators. The chief of field operations provides training as needed or answers questions on an ad hoc basis.

**Recommendation 6:** RSA recommends that RSB:

6.1 establish a listserv on policy questions that is archived and searchable by VR counselors and supervisors;

6.2 develop an indexed database of policy interpretations and exceptions on the agency's shared drive; and

6.3 convene regular ad hoc focus groups that include VR counselors to review the effectiveness of training and implementation of service policies.

### Agency Response:

6.1/6.2 (a) RSB will continue the current strategy of annual reviews and analysis of requests for exceptions to determine what administrative barriers may have been created by policies and determine necessary training and/or policy edits to overcome or remove identified barriers.

6.1/6.2 (b) RSB will work with ITSD to determine the availability of listserv capability for policy discussion and archiving.

6.1/6.2 (c) RSB will develop a process of dissemination of policy discussion, interpretations and questions that will allow VR staff to locate and utilize the information in the context of current case situations.

6.1/6.2 (d) RSB does not feel that publication of information regarding exceptions requested/denied/granted is of value to the VR staff, as they are encouraged and expected to advocate for their clients, including requests for services outside the normal order of business due to exceptional client circumstances. Publication of exception data would have a limiting effect if the counselors were to alter their requests based on their perception of what was allowable under previously granted exceptions.

6.3 RSB has provided VR staff groups with the opportunity to meet for moderated focus groups, including counselors. These focus groups will provide a forum for discussion of training and service policies, as well as developmental needs of the staff types represented.

**Technical Assistance:** RSB does not request TA.

## **7. Internal Communication Networks and Training**

**Observation:** RSB would benefit from VR specialists sharing best practices and engaging in professional development and training; this can affect the quality and consistency of service delivery.

- According to RSB staff, the agency previously conducted regular statewide meetings to share best practices and discuss issues related to effective service delivery. However, since these meetings ceased approximately 4 years ago in FY 2005, the VR staff reported that they feel isolated in their local field offices. The VR counselors indicated that regular statewide meetings would be helpful and provide some consistency when providing services throughout the state. This was even truer for those staff who provide specialized services such as O&M or IL skills for the blind and visually impaired.
- As service policies are revised, the VR field operations chief provides training to field staff. However, the agency lacks a systematic approach for the identification of training needs.

**Recommendation 7:** RSA recommends that RSB:

7.1 establish program-specific work groups comprised of staff from across the agency to increase the communication, share best practices and provide supports to the staff of the VR staff and specialists;

7.2 provide subject-specific orientations and trainings for staff of all the programs and establish a mentoring program for new staff; and

7.3 develop a task force for the development of a statewide training plan for the agency. The task force would be comprised of individuals from all levels of the organization.

### **Agency Response:**

7.1 As part of the electronic case management program development process, RSB has conducted intensive on site program-specific work groups over the past year with the objective to

create the program-specific processes RSB will use to manage the rehabilitation process from referral to closure. RSB has planned to continue these focus groups for dissemination of information from agency management, discussion of training, service policies and best practices, as well as developmental needs of the staff types represented.

7.2 RSB provides subject-specific orientations and training to all staff employed by the agency. These range from mandatory new-staff training provided by the Department of Social Services, in-office training by supervisory staff and small group training by administrative staff on programs and policies. Mentors have been assigned to every new field staff member of RSB for several years; an effort will be made to include mentoring in the developmental process for all new staff beginning in FY 2010.

7.3 RSB will create a workgroup consisting of staff from all levels of the agency to review the statewide training plan. This group will provide input to the design and implementation of 1) orientation of new staff; 2) an ongoing system of internal training/communication; and, 3) the process for identifying/approval of/procuring of ongoing training resources.

**Technical Assistance:** RSB does not request TA.

## **8. New Case Management System**

**Observation:** RSB's ability to effectively use its new electronic case management system may be impeded by the lack of identified case management reports and the failure to incorporate data and other information from the current paper-based system.

- During the on-site review, RSB management indicated that the new electronic system would not include data and information contained in its current paper-based system.
- In addition at the time of the review, agency management were not able to specify the reports that could be generated by the new system to improve its capacity to effectively and efficiently manage the VR program.

**Recommendation 8:** RSA recommends that RSB:

8.1 Identify the core management information that can be migrated to the report function of the new case management system so that management reports can show key prior year data instead of being limited to current year data;

8.2 work with the vendor of the new system to identify the reports that can be obtained from the new system to improve the agency's programmatic and fiscal management of the VR program.

### **Agency Response:**

8.1 RSB is involved in discussions with the vendor for System 7 to determine the ability of the system to migrate data from the Access system used in prior years to the new system. Included in this discussion is the efficacy of relying on data that was entered into the previous system using less detailed service codes and with no cross-communication between the programmatic and fiscal systems. System 7 will provide greater detail on services, providers, outcomes and an

ability to generate reports from that data without reliance on programming-level personnel. A decision will be made prior to implementation of System 7 as to which data from prior years will be migrated to the new system.

8.2 RSB is involved in ongoing discussions with the vendor for System 7 in development of the PDQs (Pre-Defined Queries) that will be available through System 7. These queries will be available to staff at all levels, depending upon their level of access, and will not require programming-level knowledge of database operations to run, print or view. For the first time, both programmatic and fiscal information will be entered, acted on and reported on a single electronic system. This will allow great flexibility to agency staff at all levels to better understand what is going on in a caseload, an office or statewide, allowing unprecedented access to data that will provide detailed information about what services, processes and equipment are most effective for the success of VR clients.

**Technical Assistance:** RSB does not request TA.

## **CHAPTER 5: FISCAL MANAGEMENT OF RSB'S VOCATIONAL REHABILITATION, SUPPORTED EMPLOYMENT, INDEPENDENT LIVING AND OLDER INDIVIDUALS WHO ARE BLIND PROGRAMS**

RSA reviewed RSB's fiscal management of the VR, SE, IL, and OIB programs. During the review process RSA provided technical assistance to the state agency to improve its fiscal management and identified areas for improvement. RSA reviewed the general effectiveness of the agency's cost and financial controls, internal processes for the expenditure of funds, use of appropriate accounting practices, and financial management systems.

### **Fiscal Management**

The data in the following table, taken from fiscal reports submitted by the state agencies, speak to the overall fiscal performance of the agency. The data related to matching requirements are taken from the fourth quarter of the respective fiscal year's SF-269 report. The maintenance of effort (MOE) requirement data are taken from the final SF-269 report of the fiscal year (two years prior to the fiscal year to which they are compared). Fiscal data related to administration, total expenditures, and administrative cost percentage are taken from the RSA-2.

**Table 5.1**  
**Fiscal Data for RSB for FY 2004 through FY 2008**

<b>Fiscal Year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Grant Amount</b>	7,247,855	7,370,509	7,629,682	7,935,013	8,064,876
<b>Required Match</b>	1,961,618	1,994,814	2,064,958	2,147,596	2,182,743
<b>Federal Expenditures</b>	7,247,855	7,370,509	7,629,682	7,935,013	8,064,876
<b>Actual Match</b>	3,673,586	2,835,419	3,673,586	3,007,228	3,673,586
<b>Over (Under) Match</b>	1,711,968	840,605	1,608,628	859,632	1,490,843
<b>Carryover at 9/30 (year one)</b>	0	0	0	0	1,032,393
<b>Program Income</b>	243,016	71,266	1,283,011	618,798	607,828
<b>Maintenance of Effort (MOE)</b>	1,895,429	2,309,987	3,673,586	2,835,419	3,673,586
<b>Administrative Costs</b>	1,281,765	1,143,230	2,704,435	2,473,544	2,835,029
<b>*Total Expenditures</b>	10,167,063	9,374,053	10,182,898	10,512,895	11,459,406
<b>Percent Admin Costs to Total Expenditures</b>	12.61%	12.20%	26.56%	23.53%	24.74%

\*Includes Supported Employment Program Expenditures.

## Explanations Applicable to the Fiscal Profile Table

### Grant Amount:

The amounts shown represent the final award for each fiscal year, and reflect any adjustments for MOE penalties, reductions for grant funds voluntarily relinquished through the reallocation process, or additional grant funds received through the reallocation process.

### Match (Non-Federal Expenditures)

The non-federal share of expenditures in the Basic Support Program, other than for the construction of a facility related to a community rehabilitation program, was established in the 1992 amendments to the Rehabilitation Act at 21.3 percent. As such, a *minimum* of 21.3 percent of the total allowable program costs charged to each year's grant must come from non-federal expenditures from allowable sources as defined in program and administrative regulations governing the VR Program. (34 CFR 361.60(a) and (b); 34 CFR 80.24)

In reviewing compliance with this requirement, RSA examined the appropriateness of the sources of funds used as match in the VR program, the amount of funds used as match from appropriate sources, and the projected amount of state appropriated funds available for match in each federal fiscal year. The accuracy of expenditure information previously reported in financial and program reports submitted to RSA was also reviewed.

### Carryover

Federal funds appropriated for a fiscal year remain available for obligation in the succeeding fiscal year only to the extent that the VR agency met the matching requirement for those federal funds by September 30 of the year of appropriation (34 CFR 361.64(b)). Either expending or obligating the non-federal share of program expenditures by this deadline may meet this carryover requirement.

In reviewing compliance with the carryover requirement, RSA examined documentation supporting expenditure and unliquidated obligation information previously reported to RSA to substantiate the extent to which the state was entitled to use any federal funds remaining at the end of the fiscal year for which the funds were appropriated.

### Program Income

Program income means gross income received by the state that is directly generated by an activity supported under a federal grant program. Sources of state VR program income include, but are not limited to, payments from the Social Security Administration for rehabilitating Social Security beneficiaries, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, and income generated by a state-operated community rehabilitation program. Program income earned (received) in one fiscal year can be carried over and obligated in the following fiscal year regardless of whether the agency carries over federal grant funds. Grantees may also transfer program income received

from the Social Security Administration for rehabilitating Social Security beneficiaries to other formula programs funded under the Act to expand services under these programs.

In reviewing program income, RSA analyzed the total amount (as compared to the total percentage of income earned by all VR agencies and comparable/like VR agencies), sources and use of generated income.

## **Maintenance of Effort (MOE)**

The 1992 amendments revised the requirements in section 111(a)(2)(B)(ii) of the Act with respect to maintenance of effort provisions. Effective federal FY 1993 and each federal fiscal year thereafter, the maintenance of effort level is based on state expenditures under the title I state plan from non-federal sources for the federal fiscal year two years earlier. States must meet this prior year expenditure level to avoid monetary sanctions outlined in 34 CFR 361.62(a)(1). The match and maintenance of effort requirements are two separate requirements. Each must be met by the state.

In reviewing compliance with this requirement, RSA examined documentation supporting fiscal year-end and final non-federal expenditures previously reported for each grant year.

## **Administrative Costs**

Administrative costs means expenditures incurred in the performance of administrative functions including expenses related to program planning, development, monitoring and evaluation. More detail related to expenditures that should be classified as administrative costs is found in VR Program regulations at 34 CFR 361.5(b)(2).

## **Fiscal Technical Assistance Provided to RSB During the Review Process**

RSA provided VR, SE, IL, and OIB program technical assistance to RSB during the review process regarding:

- methods to strengthen the contract development and monitoring process;
- ways to revise contracts to ensure required federal language is included and that reimbursable services are appropriately identified;
- the need to establish policies and/or procedures related to internal fiscal controls and clearly identify the responsibilities of relevant staff positions; and,
- ways to develop and implement a monitoring process to ensure compliance with contractual requirements and internal controls.

## **Observations of RSB about the Fiscal Management Performance of the VR, SE, IL, and OIB Programs**

RSA solicited input from RSB about the performance of the VR, SE, IL and OIB programs. The RSB and its stakeholders shared the following observations:

- RSB purchases a large percentage of its services;
- Over 30 percent of RSB staff are visually impaired; and,
- RSB is working to develop a contract for reader/driver services in order to improve accessibility to these services.

RSA discussed the observations with RSB and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **VR, SE, IL, and OIB Programs' Fiscal Management Performance Observations and RSA Recommendations**

RSA identified the following fiscal performance observations and made recommendations to RSB about those observations. RSB responded to each of the recommendations and in those instances when RSA and RSB agreed upon a recommendation, RSA and RSB identified the technical assistance that RSA would provide to RSB to successfully implement the recommendation.

### **1. Financial Reporting Process**

**Observation 1:** Information for the RSA-2 and SF-269 reports are developed through separate processes. The RSA-2 data is collected and reported using a database program developed by RSB. RSB is responsible for reporting the RSA-2 data. The SF-269 data is reported by the Designated State Agency (DSA) using the agency's payment processing system. As a result, there is a lack of consistency between these reports.

**Recommendation 1:** RSA recommends that RSB develop procedures with the DSA that ensure consistent and accurate reporting from both systems. In order to accomplish this, RSB will need to develop a process for reconciling the two reports prior to submission to RSA.

**Agency Response:** RSB will ensure procedures are finalized and implemented with the DSA that ensure consistent and accurate reporting in the two reports (RSA-2 and SF-269s) prior to submission to RSA.

**Technical Assistance:** RSB does not request TA.



## **VR, SE, IL, and OIB Programs' Fiscal Management Compliance Findings and Corrective Actions**

RSA identified the following compliance findings and corrective actions that RSB is required to undertake. RSB must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and RSA is available to provide TA to assist RSB.

### **Legal Requirements for Findings 1 and 2:**

Section 100(a)(2) of the Rehabilitation Act of 1973, as amended (Rehabilitation Act), and 34 CFR 361.1 of its implementing regulations establish that the purpose of the VR program is to provide services to individuals with disabilities so that they may achieve an employment outcome that is consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 of its implementing regulations require that Title I VR program funds be used solely to cover the costs of providing VR services and administering the VR program.

OMB Circular A-87, Attachment A (2 CFR 225, Appendix A), Section C states, in pertinent part, that:

1. To be allowable under Federal awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
  - b. Be allocable to Federal awards under the provisions of this Circular....
3. a. A cost is allocable to a particular cost objective if the goods and services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.

OMB Circular A-87, Attachment B (2 CFR Part 225, Appendix B), paragraph 8.h., in pertinent part, states:

- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one Federal award; and (b) a Federal award and a non-Federal award....
- (5) Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be prepared at least monthly and must coincide with one or more pay periods; and (d) they must be signed by the employee. (e) Budget estimates or other distribution percentages determined before services are performed do not qualify

as support for charges to Federal awards but may be used for interim accounting purposes....

## 1. Unallowable Expenditures for VR Services Not Provided

**Finding:** RSB contracts on a fee-for-service basis with many community rehabilitation programs (CRPs) to provide VR services to RSB applicants and consumers. During RSA's review of many of these contracts, RSA noted that some of the contracts allowed the CRPs to bill RSB for "services rendered" on 12 State holidays even though the CRPs were closed and services were not actually rendered. RSA noted that another contract allowed the CRP to bill RSB for services rendered even though the consumer had a planned absence from the CRP for that particular day. According to the terms of the contract, the CRP could bill for the service so long as it was scheduled by the prior Wednesday.

Section 111(a)(1) of the Rehabilitation Act and 34 CFR 361.3 require that VR funds be used solely to cover the cost of providing VR services or administering the VR program. RSB's expenditures incurred under the contracts with the CRPs to provide services are allowable under the program so long as the services are provided. RSB may not pay for VR services that are not rendered to its applicants or consumers; services that are not rendered are not allocable to the VR program pursuant to OMB Circular A-87, Attachment A, paragraph C.3.a. In this case, it appears the VR program did not receive any benefit on the days that the CRPs were closed or the consumer was not present for the service and, thus, no services were actually rendered. Therefore, to the extent services were not actually rendered, expenditures for those services are not allowable under the VR program or the Federal cost principles.

### Corrective Action 1: RSB must:

- 1.1 cease using Title I VR funds to pay for unallowable expenditures under the VR program, including services not actually rendered;
- 1.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future expenditures for services will comply with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, and the Federal cost principles set forth at OMB Circular A-87;
- 1.3 revise the CRP contracts to ensure compliance with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 80.36, as well as the Federal cost principles set forth in OMB Circular A-87.

RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of Education Department General Administrative Regulations (EDGAR).

**Agency Response:** This finding refers to one vendor providing Comprehensive Personal Vocational Adjustment Services. All other vendors providing CPVA services continue to staff their facility and provide services including meals, lodging and supervision to protect the health and safety of VR clients housed in the residence during the holidays listed. The issue regarding

absences was clarified and resolved directly with the vendor; in January 2006 the vendor indicated that invoiced absences would be prorated to reflect the actual services received.

- 1.1 RSB will not use Title I VR funds to pay for unallowable expenditures under the VR program, including services not actually rendered;
- 1.2 RSB will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future expenditures for services will comply with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, and the Federal cost principles set forth at OMB Circular A-87; and
- 1.3 RSB will revise the affected CRP contract to clarify holidays and absences and ensure compliance with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, 34 CFR 80.36, as well as the Federal cost principles set forth in OMB Circular A-87.

**Technical Assistance:** RSB does not request TA.

## **2. Unallowable Expenditures Incurred for Children's Specialist Positions**

**Finding:** RSB uses Title I VR funds to pay for Children's Specialist positions. After reviewing the revised position description provided by RSB and discussing the duties performed by the Children's Specialist with RSB staff while conducting the on-site monitoring, RSA concluded:

1. The Children's Specialist is responsible for:
  - a. assisting blind and visually-impaired children from birth to VR transition eligibility;
  - b. providing advocacy, technical assistance, assessment and evaluation of vision-related educational needs, transitional services at all levels of education...;
  - c. providing activities for early identification of blind and visually-impaired children and their families...; and,
  - d. determining eligibility for Children's Services in accordance with RSB's Children's Services Manual.
2. The primary focus of the Children's Specialist positions is to provide early intervention services to infants and toddlers, assess educational needs, and determine eligibility for the Children's Services program, a State-funded program to serve children who are blind or visually-impaired.

The purpose of the VR program is to assist eligible individuals with disabilities to achieve an employment outcome (section 100(a)(2) of the Rehabilitation Act and 34 CFR 361.1). To accomplish this, RSB is authorized to provide eligible individuals the services each needs to achieve his/her desired employment outcome, as stated on his/her Individualized Plan for Employment (IPE) (section 103(a) of the Rehabilitation Act and 34 CFR 361.48). One of the services RSB may provide is "transition services" -- those designed to promote the movement of students with disabilities from secondary school to post-school activities, including post-secondary education, vocational training, and employment (section 103(a)(15) of the Rehabilitation Act, 34 CFR 361.48(r), and 34 CFR 361.5(b)(55)). Neither the Rehabilitation Act nor its implementing regulations establish a mandatory age for the provision of VR services to youth in transition. However, 34 CFR 361.22(a)(2) requires that RSB have an approved IPE

in place “as early as possible during the transition planning process but, at the latest, by the time each student determined to be eligible for [VR] services leaves the school setting....”

Expenditures for the Children’s Specialist positions are allowable under the VR program for VR-related services to VR consumers transitioning from school to post-school activities (section 103(a)(15) of the Rehabilitation Act, 34 CFR 361.48(r), and 34 CFR 361.5(b)(55)). However, it is RSA’s understanding from the information learned while on-site that the Children’s Specialists provide little, if any, services to VR consumers transitioning from school to post-school activities, such as post-secondary education, vocational training, and employment. Instead, the primary focus for these positions is early intervention for infants and toddlers, assessing educational needs, and determining eligibility for the Children’s Services program – all of which are outside the scope of the VR program. Therefore, expenditures for the Children’s Specialist positions for any purpose other than assisting youth with disabilities to work toward achieving an employment outcome pursuant to an IPE are not allowable under the VR program.

**Corrective Action 2:** RSB must:

- 2.1 cease using Title I VR funds to pay for unallowable expenditures under the VR program;
- 2.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future expenditures for services and staff positions will comply with section 111(a)(1) of the Rehabilitation Act, 34 CFR 361.3, and the Federal cost principles set forth at OMB Circular A-87; and,
- 2.3 submit the total amount of VR funds expended on the Children’s Specialist positions for each fiscal year from 2005 through 2009. The total must include personnel and support costs including, but not limited to, travel and indirect costs. RSB also must provide documentation to identify the types of services provided by these positions and the consumers served by these positions.

RSA reserves the right to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 and 34 CFR Part 81 of EDGAR.

**Agency Response:** RSB does not agree with Finding 2. RSB believes that the primary duty of the Children’s Specialist position is outreach to unserved and underserved populations through efforts at community outreach activities, including holding public educational and informational forums promoting freedom of choice and a positive sense of self regardless of vision loss, and that these activities contribute substantially to the rehabilitation process in the adult VR program. The educational structure under which students are served in Missouri creates a divide between education and blindness rehabilitation providers, making it practically impossible to obtain information about the number, condition or rehabilitation needs of students who will require VR services. RSB revised the Children’s Specialist position in 2008 in the expectation that the primary focus of the program would be to locate, identify, assess the rehabilitation needs of and transition children from their community and education service providers to the VR program. This is an important part of the outreach to unserved and underserved populations of people with visual rehabilitation needs called for in the Comprehensive Statewide Assessment of Rehabilitation Needs jointly conducted by RSB and the State Rehabilitation Council for the Blind (Section 101(a)(15) of the Act). In Chapter 4 of this document (the FY 2009 draft

monitoring report), RSA has made three separate comments under Recommendation 1 that RSB should expand outreach to unserved and underserved populations with potential VR needs; the largest single identifiable population that RSB has been unable to successfully reach and develop a service structure for is that of students preparing to enter transition eligibility. It is vital that RSB continue the efforts to locate and identify blind and visually impaired students and market the services VR has to offer in transition and beyond. RSB further believes that such direct service as age appropriate career exploration can have a substantial impact on the successful rehabilitation in the adult VR program and age appropriate adjustment counseling at all ages is part of a seamless developmental approach to successful rehabilitation in the adult VR program for people with visual disabilities and consistent with 34 CFR 361.49(6) and (7). RSB's policies and procedures for the Children's Specialist program clearly state the Children's Specialist position is not to provide IL services to constituents. IL service needs that are identified by a Children's Specialist are provided by referral to one of RSB's Rehabilitation Teachers and served through an open IL case.

RSB will submit the necessary documents verifying VR funds expended on the Children's Specialists for each fiscal year from 2005 through 2009, as well as documentation to identify the types of services provided by these positions and the constituency that received services from them.

**RSA Response:** RSA supports the agency's goal to increase outreach to transition-aged youth; however, this must be accomplished in a manner consistent with the applicable statute and regulations. Per interviews with RSB staff and the position descriptions provided by RSB, Children's Specialists provide little, if any, services to VR consumers transitioning from school to post-school activities, such as post-secondary education, vocational training, and employment. Instead, the primary focus for these positions is early intervention for infants and toddlers, assessing educational needs, and determining eligibility for the Children's Services program – all of which are outside the scope of the VR program. Therefore, RSB must comply with the Corrective Actions listed in the Finding above.

**Technical Assistance:** RSB does not request TA.

### **3. Program Income Reporting**

#### **Legal Requirement:**

34 CFR 361.63(c)(1) states "Except as provided in paragraph (c)(2) of this section, program income, whenever earned, must be used for the provision of vocational rehabilitation services and the administration of the state plan. Program income is considered earned when it is received."

**Finding:** RSB is not in compliance with 34 CFR 361.63(c)(1) because income that was received through the Center for Braille and Narration Production was returned to the program; however, it was not reported as program income. It is unclear how these funds were returned to the program, utilized for approved VR program costs, but were not reflected on the SF-269 reports.

**Corrective Action 3:** RSB must:

- 3.1 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future reporting of program income will comply with 34 CFR 361.63(c)(1);
- 3.2 develop and submit procedures that ensure program income is reported in accordance with established regulations; and,
- 3.3 revise the 4<sup>th</sup> quarter, and the final quarter, SF-269 reports submitted for FY 2004 through FY 2009 to reflect the correct reporting of program income and its resulting distribution.

**Agency Response:**

- 3.1 RSB will submit a written assurance to RSA within 10 days of receipt of the final monitoring report that future reporting of program income will comply with 34 CFR 361.63(c)(1).
- 3.2 RSB has put procedures in place in which the Fiscal Manager will receive quarterly notification of the income amounts that the CBNP receives for its services. The Division of Finance and Administrative Services (DFAS) will incorporate these amounts into the SF-269 and show them as program income in compliance with 34 CFR 361.63(c)(1).
- 3.3 RSB is coordinating with DFAS in order to make the necessary changes on RSB's SF-269 reports. The SF-269s for FYs 2004-2005 will remain unchanged as no income was earned by the CBNP. For the remaining FYs (2006-2009), RSB will coordinate with DFAS to make the appropriate adjustments on the program income section of the SF-269s as necessary.

**Technical Assistance:** RSB does not request TA.

**4. Assigning Personnel Costs**

**Legal Requirements:** OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, Attachment B (2 CFR Part 225, Appendix B):

- 8.h.4 Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) ... Such documentary support will be required where employees work on: (a) more than one federal award; and (b) A federal award and a non-federal award.
- 8.h.5 Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be signed by the employee; and (d) budget estimates or other distribution percentages determined before services are performed do not qualify as support for charges to federal awards but may be used for interim accounting purposes.

**Finding:** RSB is not in compliance with OMB Circular A-87, Section 8.h.4 and 8.h.5, because administrative costs are charged only to the VR program and are not distributed across other programs (e.g., IL, IL-OIB, Prevention of Blindness, etc.). The costs of the Director and other

administrative support staff are not allocated among the various programs within the Division. A 2008 State Single Audit under A-133 found that RSB “has not established procedures to ensure adequate supporting documentation is prepared for personnel costs charged to the Vocational Rehabilitation (VR) grant...” RSB does not use personnel activity reports to appropriately allocate personnel costs to programs and therefore, is not in compliance with principles related to distribution of salaries or wages in OMB Circular A-87.

**Corrective Action 4:** RSB must:

- 4.1 cease using Title I funds for personnel costs that do not have supporting documentation as required under OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5;
- 4.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will comply with OMB Circular A-87, Attachment B, 8.h.4 and 8.h.5; and,
- 4.3 submit a plan, including timeline, describing the corrective actions that will be taken to ensure:
  - a) personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and,
  - b) personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by RSB (excluding the SE program under Title VI-B, which can legally be charged to the VR program).

**Agency Response:**

While RSB does not fully agree with the finding, RSB has taken corrective action in July of FY 2009 to comply with the recommendations under 4.3 (a) and 4.3(b) from the federal monitoring, regarding use of personnel activity reports.

In February, 2009, the Missouri State Auditor’s Office released the findings of a Statewide Single Audit conducted for RSB's Vocational Rehabilitation program for SFY 2008. In this audit, the auditor questioned the allocation of personnel costs to specific RSB grant programs in compliance with OMB A-87. RSB immediately took corrective action regarding the development of a system of personnel activity reports which were in place March, 2009, prior to the on-site portion of the RSA monitoring.

In 2005, RSB adjusted our cost allocation plan to comply with the recommendations from the federal monitoring and believed that the reporting of personnel allocation was always in keeping with the granting agencies expressed policies. RSB shall fully comply with RSA’s request for information about the procedures already adopted to ensure that personnel activity reports are maintained to support the allocation of an equitable portion of personnel costs for individuals, not charged indirectly, who work on more than one federal grant program or cost objective; and, that personnel and administrative costs are allocated equitably, either directly or indirectly, to each program administered by RSB in accordance with RSA's most recent recommendation of how this allocation should be performed.

**RSA Response:** Even though some corrective actions had been made as a result of the SFY 2008 Single State Audit, RSB did not have personnel activity reports or equivalent documentation for

the monitoring period that met federal requirements and this resulted in a misallocation of personnel and administrative costs to RSA programs. As a result, RSB must comply with the requirements listed in Corrective Action 4 in the Finding above.

**Technical Assistance:** RSB does not request TA.

## 5. Internal Controls and Tracking of Funds

### Legal Requirements:

34 CFR 361.12 states that:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.20, in pertinent part, states that:

- (c) A State must [expend] and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:...
- (4) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

**Finding:** Based on interviews of RSB staff during on-site monitoring, and a review of the agency's financial reports and supporting documentation, RSA has concluded:

- A. Audit reports required under CRP contracts are not being maintained or reviewed by RSB.
- B. RSB does not monitor providers to ensure compliance with personnel qualification and reporting contract requirements.
- C. An attendance sign-in sheet is used as verification that Comprehensive Personal Vocational Adjustment Services were provided. Frequently, the attendance sheets submitted with invoices list Personal Vocational Adjustment as the service. This makes it impossible to link the service provided with the specific service required under the IPE (academic skills, etc.).
- D. Dates of service listed on invoice did not match with dates on attendance sign-in sheets.
- E. Forms signed by consumers indicating that a service was received did not list the specific service.
- F. Required federal language was not incorporated into all contracts.

Federal regulations require RSB to implement policies and procedures to ensure the efficient and effective administration of the VR program to ensure that all functions are carried out properly and the financial accounting is accurate (34 CFR 361.12). RSB also is required to implement fiscal controls to ensure that VR funds are expended and accounted for accurately and traceable for each activity to ensure that the funds were expended in accordance with program requirements (34 CFR 80.20). RSB failed to comply with these requirements in each of the



examples described above as follows: 1) RSB failed to ensure that costs had verifiable supporting documentation; 2) RSB failed to implement effective fiscal controls to permit the tracking of expenditures necessary to ensure that funds were not used in violation of the restrictions and prohibitions of applicable statutes. 3) RSB failed to maintain effective internal controls. In each of these instances, RSB failed to follow procedures to ensure the proper and efficient administration of the program as required by 34 CFR 361.12 and 34 CFR 80.20.

**Corrective Action 5:** RSB must:

- 5.1 revise contracts to ensure that required federal language, such as Suspension and Debarment requirements, is included; and,
- 5.2 develop, implement and submit policies and procedures for: maintaining and verifying supporting documentation for all VR expenditures – both incurred by RSB and its contractors and service providers; monitoring contractors and service providers to ensure services are actually provided; and tracking VR expenditures, as required by 34 CFR 361.12 and 34 CFR 80.20.

**Agency Response:**

- 5.1 Department of Social Services and Division of Finance and Administrative Services, in FY 2009 and FY 2010 implemented procedures to ensure all contracts include the required federal language, such as suspension and debarment contracts .
- 5.2 While RSB does not fully agree with the findings, RSB will ensure that staff are provided with clear policies/procedures and training to ensure that we maintain and verify supporting documentation for all VR expenditures. RSB does monitor providers to ensure compliance with personnel qualifications prior to contract award, through contract renewals, new staff approvals, and through skill assessments that can occur at any time before contract award or during the contract period. RSB utilizes tiered fiscal controls at the district office and state office levels to ensure services have been received, invoiced, and processed in accordance with state purchasing rules and regulations. RSB will ensure compliance with contract audit requirements.

**RSA Response:** RSB must comply with the Corrective Actions 5.1 and 5.2 listed in the Finding above.

**Technical Assistance:** RSB does not request TA.

## 6. SF-269 Reporting

**Legal Requirements:**

34 CFR 361.12 states:

The State plan must assure that the State agency, and the designated State unit if applicable, employs methods of administration found necessary by the Secretary for the proper and efficient administration of the plan and for carrying out all functions for which the State is

responsible under the plan and this part. These methods must include procedures to ensure accurate data collection and financial accountability.

34 CFR 80.40(b)(1) states:

Grantees shall submit annual performance reports unless the awarding agency requires quarterly or semi-annual reports...Annual reports shall be due 90 days after the grant year, quarterly or semi-annual reports shall be due 30 days after the reporting period. The final performance report will be due 90 days after the expiration or termination of grant support

**Finding:** RSB is not in compliance with 34 CFR 361.12 and 34 CFR 80.40(b)(1), because RSB has failed to submit accurate required financial and statistical reports. RSA requires that agencies submit VR program “Financial Status Reports,” SF-269s, on a quarterly basis. The SF-269 is due 30 days after the end of each reporting quarter (12/31, 3/31, 6/30 and 9/30). These reports can be submitted electronically through RSA’s Management Information System (MIS).

- No VR carryover was reported for FY 2006 and FY 2007. However, according to RSB, the actual carryover was \$576,000 for FY 2006 and \$1,032,393 for FY 2008.
- In FY 2005, the VR match reported increased after the 4<sup>th</sup> quarter.
- The amount of Supported Employment (SE) federal expenditures reported for FY 2006 and FY 2007 is not consistent with the amount of funds RSB withdrew from the Grants Administration and Payment System (GAPS) or G5. In FY 2006, RSB reported the total SE federal expenditures were \$10,092; however, \$18,425 in SE federal funds were drawn down. In FY 2007, RSB reported the total SE federal expenditures were \$22,262; however, \$17,781 were drawn down.
- For FY 2006 and FY 2007, the amount of IL-OIB match reported increased after the 4<sup>th</sup> quarter.

**Corrective Action 6:** RSB must:

- 6.1 cease submitting inaccurate financial reports, namely the SF-269s, as required by 34 CFR 361.12;
- 6.2 submit a written assurance to RSA within 10 days of receipt of the final monitoring report that it will ensure the accuracy of future financial and statistical reports submitted on behalf of the VR program;
- 6.3 submit all required SF-269s revisions for the items noted above no later than October 30, 2009; and,
- 6.4 submit a plan, including timeline, describing the internal controls that will be implemented to ensure the accuracy of the financial reports.

Once RSA receives the revised SF-269 reports, RSA will determine if any further revisions are necessary and determine whether to pursue enforcement action, including the recovery of Title I VR funds, pursuant to 34 CFR 80.43 of EDGAR.

**Agency Response:** RSB disagrees with the RSA determination that RSB is not in compliance with 34 CFR 361.12 and 34 CFR 80.40(b)(1) for FYs 2005-2008. During the VR program monitoring that took place in FY 2005, RSA performed a full financial review of MRSB using

the State Agency Financial and Administrative Review Instrument (SAFARI). In addition, the RSA fiscal management specialists did a complete review of the preparation of the SF-269 and RSA-2 forms with RSB and DSS accounting staff. Some of the findings of that monitoring include:

A review of MRSB's SF-269s revealed it had no issues regarding a shortfall of the basic support grant match requirement, nor did it identify any problems with the maintenance of effort requirements. (Page 38, FY 2004 Annual Report of Review of the Missouri Rehabilitation Services for the Blind issued February 3, 2006)

The SAM II system, as well as other agency controls, appeared to be adequate to properly identify obligations by federal grants, ensure that invoices are properly charged, sources of funds are properly identified, grant draw-downs are based on reports from the accounting system, and that federal grant accounting in general is accomplished using the same system as state funds. (Page 36, FY 2004 Annual Report of Review of the Missouri Rehabilitation Services for the Blind issued February 3, 2006)

Following the monitoring in FY 2005, RSB and DSS continued to follow the procedures and processes developed prior to that monitoring, and made changes as requested by RSA in that report, and have since operated on good faith that the federal reports were correct as they have not been questioned.

However, RSB and DSS will implement procedures to increase the sharing of information that would provide RSB with more detailed involvement with the preparation, verification and submission of the SF-269 particularly in regards to match, maintenance of effort, carryover and the drawdown of grant funds.

6.1 RSB will submit accurate financial reports and will work with the Department of Social Service' DFAS to submit accurate SF-269s in compliance with RSA's most recent guidance.

6.2 RSB will submit a written assurance within 10 days of receipt of the final monitoring report that based on RSA's most recent guidance RSB will work with the Department of Social Services to provide future financial and statistical reports submitted on behalf of the VR Program.

6.3 RSB will work with the Department of Social Service's DFAS to submit the SF-269s in question no later than October 30, 2009.

6.4 RSB in compliance with RSA's most recent guidance will work with the Department of Social Service's DFAS to develop and submit a plan that will ensure the accuracy of the financial reports submitted on behalf of the VR Program.

**RSA Response:** RSA appreciates RSB's willingness to make the required changes to the SF-269s. RSA's 2004 Review did not cover the same timeframe or areas of consideration as RSA's current report. Once the changes are complete, RSA will review the areas of MOE and Match to

determine compliance with federal requirements. RSB must complete the Corrective Actions listed above.

**Technical Assistance:** RSB requests TA. Substantial assistance will be required to resolve the affected financial reports going back to 2005.

### **Additional Information Required**

1. RSB contracts with the Lions Business Opportunities for the Missouri Blind (LBOMB), Inc. to manage their Randolph Sheppard Program. RSA could not determine from discussions with RSB staff or LBOMB personnel the financial operations of the program, and requested the most recent audit completed on the LBOMB operations. RSB submitted the audit that covered FY 2007 and FY 2008. Although the financial statements referred to “Federal match – facility” the Notes to Financial Statements did not clarify if these funds were all inclusive of the funds expended in support from Title I funds, nor does the statement break out what expenses were paid with these funds. The audit stated material weaknesses of LBOMB included: a) identifying adjustments to the books and records used to prepare financial statements; and b) preparing the financial statements and note disclosures in accordance with generally accepted accounting principles. Further, the audit reported that LBOMB did not have a process to monitor remittances for vending machines located inside state and federal buildings. Although LBOMB now has one employee comparing current vending reports with those of previous months, this process does not provide the checks and balances needed. This audit has created a need to determine and verify the amount of Title I funds used in the Randolph Sheppard program. In coordination with LBOMB, RSB is requested to submit a spreadsheet of the funds that have been spent in FYs 2004 through FY 2005 in the Randolph Sheppard program, as administered by LBOMB, and include salaries, rent, equipment, and other support of this program. Additionally, please advise what other Title I funds are paid in support of the Randolph Sheppard program that is not sent to LBOMB to operate the day-to-day operations.

If required, the information and related data listed above must be submitted to RSA within 30 days after the conference call between RSA and RSB regarding the status of LBOMB.

### **Agency Response to Additional Information Required:**

1. LBOMB does not manage RSB’s Randolph Sheppard Program
  - RSB contracts with LBOMB, Inc. to act as the nominee agent for RSB in providing services to blind licensees as allowed under 34 CFR 395.15, not to "...manage their Randolph Sheppard Program."
  - The audit provided at RSA's request that detailed a “Federal match – facility” in actuality detailed the State match (21.3%) that represented LBOMB's match of RSB's purchase of goods and services for which the nominee has responsibility. The auditing firm was not conversant with the terminology of federal regulations and the intricacies of its application to the LBOMB/BEP/RSB relationship

- The audit referenced does not concern itself with the use of federal funds (Title I) in the Randolph Sheppard Program, only with the collection and disbursement of funds from unassigned vending machine profits and blind licensee fees
- LBOMB is not funded from Title I funds, but operates solely from the funds provided by unassigned vending receipts and the administrative fees paid by the blind licensees.
- The only Title I funds paid to LBOMB, Inc. by RSB are authorized as reimbursement for VR expenditures paid by LBOMB on behalf of VR clients engaged in management training for the Randolph Sheppard Program.
- As LBOMB does not operate the Randolph Sheppard Program for RSB, it is not possible to provide information detailing the financial operation of the program "as administered by LBOMB." All LBOMB expenses (salaries, equipment, etc.) are paid by LBOMB, Inc. and are not paid for by RSB or through the use of Title I funds.

Since LBOMB does not in fact manage the program, RSB requests that a conference call take place between RSA's fiscal personnel and RSB staff familiar with the fiscal and programmatic operation of RSB's Randolph Sheppard Program prior to provision of additional information. This will allow an exchange of information to answer any questions regarding the nominee/agency fiscal relationship, and clarify what information is needed to satisfy the concerns of the monitoring participants.

**RSA Response:** The fourth and fifth bullets included in the LBOMB response above are inconsistent. The fourth bullet states that "LBOMB is not funded from Title I funds." The fifth bullet states that "The only Title I funds paid to LBOMB..." Because of the technical information required to effectively analyze this arrangement, RSA will be forwarding this issue to the Program Services Unit, who manages the Randolph Sheppard Program, for follow-up. A conference call will be arranged prior to RSB submitting any additional information related to LBOMB.

**Technical Assistance:** RSB does not request TA.

## CHAPTER 6: INDEPENDENT LIVING PROGRAM

### IL Program Administration and Service Delivery

The following table provides data on MDVR's IL program performance in key areas from FY 2006 through FY 2007.

**Table 6.1**  
**Missouri IL Program Highlights for FY 2006 through FY 2007**

<b>Program Highlights</b>	<b>2006</b>	<b>2007</b>
Title VII, chapter 1, part B funds	283,512	325,393
Total resources (including part B funds)	4,917,827	4,861,409
Total served	11,831	14,126
Total consumer service records closed	4,438	4,700
Cases closed, completed all goals	2,395	2,384
Total goals set	19,084	27,055
Total goals met	14,450	17,867
Total individuals accessing previously unavailable transportation, health care, and assistive technology	3,748	4,843
Total FTEs	362.00	346.00
Total FTEs with disabilities	230.00	216.00

The Missouri statewide independent living council (SILC) is an independent 501(c)(3) organization, separate from any state agency. At the time of the review the SILC had no paid staff.

MDVR does not provide direct IL services. Part B and state general funds are administered by MDVR and contracted directly to CILs. There are 22 CILs in MO that collectively provide IL services statewide. Only four of the 22 CILs receive Part C funding. All 22 receive some combination of Part B and state funds. MDVR IL staff maintains responsibilities for oversight of these funds (see table 6.2 below).

RSB maintains a limited IL program for which it receives \$32,403 of Part B funds annually.

### Personnel

In FY 2008, MDVR had a total of six FTE positions dedicated to the administration of the IL program. The following numbers of staff are included in the FTE count: one coordinator of rehab services and analysis; one director of independent living, 3 assistant directors IL and one administrative assistant. These staff has responsibility for management of the state general and Title VII Part B funds as well as administrative support for the SILC. Time sheets are maintained to assure appropriate time allocation to each program.

## **Data Management**

CILs receiving Part B funds are required to submit quarterly reports to MDVR IL staff. These reports address fiscal and programmatic progress toward contractually defined outcomes. Review of these quarterly reports lead to a number of different administrative actions by MDVR IL staff.

Reporting requirements for Part B and state dollars are identical with the exception of one additional fiscal form required by the state. Both Part B and state general fund documentation requirements are based on Federal Part C requirements. This comportation of reporting requirements enhances the ability of MDVR to provide effective program management across multiple funding streams.

## **Fiscal Management**

Part B and state general funds are administered by MDVR and contracted directly to CILs. MDVR's provision of administrative support to the SILC also includes fiscal support and is limited to processing of payment.

## **Quality Assurance**

MDVR conducts on-site CIL reviews every two years, and more often if review of a CIL's quarterly reports demonstrates a need. These reviews are conducted to assure compliance with regulatory requirements and to verify the data submitted.

MDVR actions taken in response to quarterly reports are based on the rationale for variation from contractual expectation as well as any historic difficulties. Specific actions can include technical assistance, withholding of payment and decreasing the time between onsite reviews.

MDVR, the SILC and Missouri's CILs participate in a number of quality assurance practices that will be discussed in other portions of this chapter.

## **Planning**

Each CIL must submit an annual application to receive some combination of state and Part B funding. MDVR utilizes previously submitted quarterly reports when reviewing applications. Centers that apply for funding in areas where they have demonstrated ongoing difficulty are likely to be asked to alter their submission. The same response may be given if proposed activity goals are already well covered or related goals are overly conservative.

IL grant applications are reviewed on a number of additional factors including a five year budget, federal and state standards, audit and reporting requirements as well as consistency with current state plan for Independent Living (SPIL) goals. Consistency with SPIL goals is a key tool in coordinating statewide IL services and enhancing the SILCs requirement to monitor the implementation of the SPIL.

Each CILs annual performance data (State and Federal) is shared with the SILC and is used in monitoring ongoing SPIL implementation, making recommendations to MDVR and writing of future SPILs.

## **Promising IL Program Practices Identified by MDVR and Stakeholders During the Review Process**

RSA's review process solicited input from MDVR and stakeholders about promising practices. The following promising practices were identified:

### **1. Using IL Program Data to Demonstrate Program Value**

MDVR, the SILC and CILs create an annual customer service and program performance document referred to as "IL Outcomes." The report began in 2004 and was in response to efforts to acquire state funding and the legislature's requirement that there be some methodology for demonstrating a change in consumers' lives.

The report addresses twelve questions related CIL performance and provides information of three aspects for each question. These aspects are:

- customer satisfaction;
- knowledge or skills gained; and
- positive changes in the consumer's life and if so what was the change.

Each of these aspects includes a graphical representation of the answers side-by-side with consumer narrative relating to that specific question. Giving further power to document is an introduction section which includes a summary of research objectives, research design, data analysis and report format. The number of respondents grew steadily from 1,587 in 2005 to 2,732 in 2007.

### **2. Establishment and Utilization of Common Definitions**

All parties interviewed by RSA indicated that there had been increasing attention paid to data quality, specifically data quality for the IL Program and the RSA-704 reporting. In April of 2007 MDVR, the CILs and a portion of the SILC held a training to ensure that each party reporting 704 data was operating with the same set of definitions and that this data was communicated to MDVR in an identical manner. RSA's 704 FAQ document was a source document for the training.

MDVR reports that findings from on-site reviews have decreased since this training. Additionally, a number of parties reported to RSA that although somewhat arduous, this training proved an effective tool in reaching its goal of having consistent data statewide and is critical for ongoing success with the multiple funding streams that MDVR administers.



## **IL Program Technical Assistance Provided to MDVR During the Review Process**

RSA provided IL program technical assistance to MDVR during the review process regarding:

- roles and responsibilities of the SILC;
- additional steps to maximize fiscal accountability; and
- MDVR's responsibility in reviewing SILC expenditures.

## **Observations of MDVR and Its Stakeholders about the Performance of the IL Program**

RSA solicited input from MDVR and a wide range of its stakeholders about the performance of the IL program. The MDVR and its stakeholders shared the following observations:

- there is strong collaboration between the community, SILC and the VR agency;
- the IL Outcomes document is a valuable tool to demonstrate value of IL services;
- MDVR plays a strong role in the IL Community;
- rehabilitation teachers and O&M instructors lack training and support relevant to their specialties.
- rehabilitation teachers and O&M instructors are dispersed throughout the state and are typically the only specialist in their district office. Specialists report that they therefore lack opportunities to share best practices and difficult situations, and thus impedes professional development.
- staff report that historically there were opportunities to periodically meet amongst themselves on a statewide basis but that these opportunities have been eliminated;
- rehabilitation teachers and O&M instructors are rarely supervised by individuals with expertise in rehabilitation teaching or O&M training. Staff rarely benefit from mentorship or in-service training opportunities.

RSA discussed the observations of its stakeholders with MDVR and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## **IL Program Performance Observations and RSA Recommendations**

RSA identified the following performance observations and made recommendations to MDVR about those observations. MDVR responded to each of the recommendations and in those instances when RSA and MDVR agreed upon a recommendation, RSA and MDVR identified the technical assistance that RSA would provide to MDVR to successfully implement the recommendation.

### **1. Fiscal Controls**

**Observation:** MDVR requires CILs to submit quarterly fiscal reports that reflect reimbursement amounts stipulated in their specific contract.

- Quarterly reports are utilized to identify significant changes from expected totals.
- Significant changes from expected amounts must be explained or remedied before reimbursement is provided.
- Review of the fiscal report may result in the provision of technical assistance.
- Other than periodic on-site reviews, there is no time when contractors must provide source documentation to support information reported for any specific line item.
- On-site reviews are periodic such that a contractor may not be reviewed for two years or more.

**Recommendation 1:** RSA recommends that MDVR periodically require CILs to submit backup documentation for sections of their invoices.

**Agency Response:** Implemented

**Technical Assistance:** MDVR does not request TA.

## IL Program Compliance Findings and Corrective Actions

RSA identified the following compliance finding and corrective actions that MDVR is to undertake. MDVR must develop a corrective action plan for RSA's review and approval that includes specific steps the agency will take to complete the corrective action, the timetable for completing those steps, and the methods the agency will use to evaluate whether the compliance finding has been resolved. RSA anticipates that the corrective action plan can be developed within 45 days and RSA is available to provide TA to assist MDVR.

### 1. SILC Activities

**Legal Requirement:** Section 705(c) of the Act provides:

The Council shall:

- (1) jointly develop and sign (in conjunction with the designated State unit) the state plan required in section 704;
- (2) monitor, review, and evaluate the implementation of the state plan;
- (3) coordinate activities with the State Rehabilitation Council established under section 105, if the State has such a Council, or the commission described in section 101 (a)(21)(A), if the State has such a commission, and councils that address the needs of specific disability populations and issues under other Federal law;
- (4) ensure that all regularly scheduled meetings of the Statewide Independent Living Council are open to the public and sufficient advance notice is provided; and
- (5) submit to the Commissioner such periodic reports as the Commissioner may reasonably request, and keep such records, and afford such access to such records, as the Commissioner finds necessary to verify such reports.

**Finding:** Discussions with SILC and MDVR representatives indicated that the SILC conducts activities beyond those that are allowed under Section 705(c) of the Act. The SILC occasionally

pays for members to provide technical assistance on how to provide specific services. This is not one of the duties as defined in Section 705(c) of the Act.

**Corrective Action 1:** The SILC must immediately cease funding technical assistance activities that are not specifically described in Section 705(c) of the Act.

**Agency Response:** Implemented.

**Corrective Action 2:** MDVR must develop and implement any processes necessary to ensure that the SILC is not reimbursed for these activities with Title VII, Part B funds.

**Recommendation:** The SILC develop training for current and future SILC members to ensure understanding of statutorily defined duties.

**Agency Response:** MDVR will ensure that Title VII, Part B funds are not used in providing technical assistance in the future.

MDVR will work with the SILC to develop training.

**Technical Assistance:** MDVR does not request TA.

## CHAPTER 7: INDEPENDENT LIVING FOR OLDER INDIVIDUALS WHO ARE BLIND PROGRAM

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The following table provides data on the performance of RSB's OIB program in key areas for FY 2007.

**Table 7.1**  
**Missouri OIB Program Highlights for FY 2007**

<b>Program Highlights</b>	<b>2007</b>
Title VII, chapter 2 expenditures	534,218
Total expenditures (including chapter 2)	1,037,393
Total served older individuals who are blind	1,730
Total FTEs	23.5
Total FTEs with disabilities	8.0

### **OIB Program Administration and Service Delivery**

In FY 2008, RSB provided OIB services to 1,842 individuals, 1,314 of whom were female. The majority of consumers were white (1,673), with Black or African American making up the largest minority group served (146). The majority of consumers served were legally blind (1,312) with only 120 reporting as totally blind. Consumer living arrangements were similar with 957 living alone and 885 living with others. A very high number of these, 1,502, lived in a private residence.

Review of service data indicates that four services were provided far more often than any, these being provision of assistive technology devices and aids (1,349); provision of assistive technology services (1,393), IL and adjustment skills training (1,288) and counseling (1,768). RSB also provided 221 community awareness activities.

2008 is the first year for reporting performance measures for three key service areas, orientation and mobility, alternative non-visual or low vision techniques and assistive technology services and training. RSB data indicates that slightly more consumers experienced functional gains than did not in each of these categories (see Table 7.2 below).

**Table 7.2**  
**Missouri OIB Program Outcomes and Performance Measures for FY 2008**

Type of Service	Received Service	Experienced Functional Gains	Percent
Orientation and Mobility	344	204	59%
Alternative non-visual or low vision techniques	1288	705	55%
Assistive Technology services and training	1349	716	53%

## **Personnel**

At the time of the review, RSB's OIB program was comprised of 18 FTE's. This FTE total consisted of ten administrative and support and 8 direct service staff. One of the ten administrative and support staff was filled by a contractor.

## **Data Management and Quality Assurance**

Data management and quality assurance efforts are significantly hampered by prioritization of VR services over IL and OIB and non-existent IL or OIB performance expectations for direct service staff. These issues will be addressed further in the observation and recommendations section of this chapter.

## **Fiscal Management**

RSB's 2008 OIB program operated on \$527,185. Of this total \$227,331 was from state funding while \$527,185 came from Title VII, Chapter II.

## **Planning**

RSB management reviews OIB (and IL) case files on an ongoing basis and provides feedback to staff on any inconsistencies or potential compliance issues. This review also assists staff to identify emerging issues and plan future programmatic changes.

## **OIB Program Technical Assistance Provided to RSB During the Review Process**

RSA provided OIB program technical assistance to RSB during the review process regarding:

- The need to structure prioritization of VR, IL and OIB services;
- strategies for creating performance measures for IL and OIB staff; and
- strategies for expanding collaboration with CILs.

## Observations of RSB and Its Stakeholders about the Performance of the OIB Program

RSA solicited input from RSB and a wide range of its stakeholders about the performance of the VR and SE programs. The RSB and its stakeholders shared the following observations:

- OIB services are responsive to individual consumer needs;
- rehabilitation teachers and O&M instructors work well together; and
- training received often plays a key role in gaining independence.

RSA discussed the observations of its stakeholders with RSB and addressed as many of them as possible either directly or by consolidating them into a broader issue area.

## OIB Program Performance Observations and RSA Recommendations

RSA identified the following performance observations and made recommendations to RSB about those observations. RSB responded to each of the recommendations and in those instances when RSA and RSB agreed upon a recommendation, RSA and RSB identified the technical assistance that RSA would provide to RSB to successfully implement the recommendation.

### 1. Differentiation of Duties

**Observation:** Rehabilitation teachers and O&M instructors have unclear job definitions in relation to VR, IL and OIB work.

- Rehabilitation teachers and O&M instructors provide VR, IL and OIB services. Staff indicated that VR referrals are to take precedence over IL and OIB cases. This order is to be maintained regardless of severity or timeliness requirements of IL and/or OIB consumer needs.
- Rehabilitation teachers and O&M instructors have annual performance goals related to VR, however IL and OIB related goals have not been established. Staff members report that they are unclear regarding management's expectations related to OIB and IL duties.

**Recommendation 1:** RSA recommends that RSB:

- 1.1 identify an appropriate allocation of staff time to the different service programs;
- 1.2 develop and implement a policy on priority of services that does not arbitrarily prioritize one service over another;

1.3 develop and implement methods to track above mentioned allocations of staff time and utilize these results in ongoing staff management, staff development and performance evaluation methods

**Agency Response:**

1.1 RSB has implemented personnel activity reports for all staff involved in multiple grant activities, including administrative and management staff. These reports, begun for all staff (including administrative staff) effective July 1, 2009, will provide a detailed allocation of staff time to the various service programs. Based on the FY 2008 program evaluation conducted through the RRTC on Blindness and Low Vision at Mississippi State University, RSB's OBS program is a well-managed program of services that impacts a large number of persons around the state. During FY 2008, 1,840 clients were provided services under the program and 998 were successfully rehabilitated. The OBS program has tremendously increased customer satisfaction levels. These services to the citizens of Missouri have made a truly significant difference in the lives of the blind seniors who receive them.

1.2 RSB does not have, nor has it ever established a priority of services that expresses the primacy of one program over another for order of service delivery. There is no order of selection for services, no waiting lists for any RSB services, including IL, VR and OBS. Any interpretation by staff interviewed by RSA personnel during the monitoring visit was the reflection of personal bias fostered by some staff's perception of the importance of one program over another due to recent events pertaining to the implementation of personnel activity reports. RSB does not feel there is a need to develop a "priority" of services; all persons who are eligible for services from an RSB service program will be served in a timely manner.

**Technical Assistance:** RSB does not request TA.

## APPENDIX A: DATA TABLES

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### VR and SE Program Highlights

- Total funds expended on VR and SE – RSA-2 line 1.4
- Individuals whose cases were closed with employment outcomes - RSA-113 line D1
- Individuals whose cases were closed without employment outcomes - RSA-113 line D2
- Total number of individuals whose cases were closed after receiving services – RSA-113 line D1+D2
- Employment rate – RSA-113 line D1 divided by sum of RSA-113 line D1+D2, multiplied by 100
- Individuals whose cases were closed with SE outcomes – Total number of individuals whose employment status at closure (record position 161) = 7 in the RSA-911 report
- New applicants per million state population – RSA-113 line A2 divided by the result of the estimated state population divided by 1 million. The estimated state population is found on the following website: <http://www.census.gov/popest/states/NST-ann-est.html>
- Average cost per employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who achieved an employment outcome (record position 198 = 3) divided by the total number of these individuals
- Average cost per unsuccessful employment outcome – Sum of individuals' cost of purchased services from the RSA-911 (record position 104-109) for individuals who did not achieve an employment outcome (record position 198 = 4) divided by the total number of these individuals
- Average hourly earnings for competitive employment outcomes - Sum of individuals' weekly earnings at closure (record position 163-166) divided by the total hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure > 0, where the type of closure (record position 198) = 3, and where competitive employment (record position 162) = 1
- Average state hourly earnings – Using the most relevant available data from the Bureau of Labor Statistics Report (<http://www.bls.gov>), state average annual earnings divided by 2,080 hours



- Percent average hourly earnings for competitive employment outcomes to state average hourly earnings – Average hourly earnings for competitive employment outcomes (above) divided by the Average state hourly earnings (above) multiplied by 100
- Average hours worked per week for competitive employment outcomes - Average hours worked in a week at closure (record position 167-168) for individuals where weekly earnings at closure (record position 163-166) > 0 and where the type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Percent of transition age served to total served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 divided by all individuals of any age whose type of closure (record position 198) is 3 or 4
- Employment rate for transition population served – Total number of individuals whose age at application is 14-24 and whose type of closure (record position 198) = 3 divided by the number of individuals whose age at application is 14-24 and whose type of closure (record position 198) is 3 or 4 multiplied, the result of which is multiplied by 100
- Average time between application and closure (in months) for individuals with competitive employment outcomes - Average of individuals date of closure (record position 201-208) minus date of application (record position 15-22) in months where type of closure (record position 198) = 3 and competitive employment (record position 162) = 1
- Standard 1 – To achieve successful performance on Evaluation Standard 1 the DSU must meet or exceed the performance levels established for four of the six performance indicators in the evaluation standard, including meeting or exceeding the performance levels for two of the three primary indicators (Performance Indicators 1.3, 1.4, and 1.5).
- Standard 2 – To achieve successful performance on Evaluation Standard 2, the DSU must meet or exceed the performance level established for Performance Indicator 2.1 (.80) or if a DSU's performance does not meet or exceed the performance level required for Performance Indicator 2.1, or if fewer than 100 individuals from a minority population have exited the VR program during the reporting period, the DSU must describe the policies it has adopted or will adopt and the steps it has taken or will take to ensure that individuals with disabilities from minority backgrounds have equal access to VR services.

### **IL Program Highlights (From RSA 704 report)**

- Title VII, Chapter 1, Part B Funds – Subpart I, Administrative Data, Section A, Item 1(A)
- Total Resources (including Part B funds) – Subpart I, Administrative Data, Section A, Item 4
- Total Served - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section A(3)

- Total Consumer Service Records Closed - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(6)
- Cases Closed - Completed All Goals - Subpart II, Number and Types of Individuals with Significant Disabilities Receiving Services, Section B(4)
- Total Goals Set - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total Goals Met - Subpart III, Section B, Item 1, sum of (A) + (B) + (C) + (D) + (E) + (F) + (G) + (H) + (I) + (J) + (K) + (L)
- Total individuals accessing previously unavailable transportation, health care, and assistive technology - Subpart III, Section B, Item 2, sum of (A) + (B) + (C)
- Total FTEs - Subpart I, Section F, sum of Item 2 for the column
- Total FTEs with Disabilities - Subpart I, Section F, sum of Item 2 for the column

#### **ILOB Program Highlights** (From RSA 7-OB Form)

- Title VII, Chapter 2 Expenditures - Part I-Sources and Amounts of Funding, (A)(1)
- Total Expenditures (including Chapter 2) - Part I-Sources and Amounts of Funding, (A)(6)
- Total Served Older Individuals who are Blind - Part III-Data on Individuals Served During This Fiscal Year, (B)-Gender, sum of (1) + (2)
- Total FTEs - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column
- Total FTEs with Disabilities - Part II-Staffing, sum of (1) + (2) + (3) + (4) for the column

**Appendix B**  
**MDVR Eight Year Summary of Results of Standards 1 and 2**

Indicators	2000		2001		2002		2003		2004		2005		2006		2007	
<b>Indicator 1.1</b> Difference in the number of individuals with employment outcomes from prior year for general and combined agencies or prior two years for blind agencies																
Current year employment outcomes	5,734		5,148		5,125		5,563		5,259		3,950		4,152		4280	
Prior year employment outcomes	5,612		5,734		5,148		5,125		5,563		5,259		3,950		4152	
<b>RSA Minimum Performance Level: Equal or exceed</b>	122	P	-586	F	-23	F	438	P	-304	F	-1309	F	202	P	128	P
<b>Indicator 1.2</b> Percent with employment outcomes after services																
Employment outcomes	5,734		5,148		5,125		5,563		5,259		3,950		4,152		4280	
Individuals served	8,108		7,297		7,156		7,072		8,491		5,839		5,916		6325	
<b>RSA Minimum Performance Level: 55.80%</b>	70.72%	P	70.55%	P	71.62%	P	78.66%	P	61.94%	P	67.65%	P	70.18%	P	67.67%	P
<b>Primary Indicators (1.3, 1.4, &amp; 1.5)</b>																
<b>Indicator 1.3</b> Percent of all employment outcomes that were competitively employed																
Employed competitively	4,211		3,804		4,918		5,317		5,050		3,819		3,978		4026	
Employment outcomes	5,734		5,148		5,125		5,563		5,259		3,950		4,152		4280	
<b>RSA Minimum Performance Level: 72.6%</b>	73.44%	P	73.89%	P	95.96%	P	95.58%	P	96.03%	P	96.68%	P	95.81%	P	94.07%	P
<b>Indicator 1.4</b> Percent of individuals with competitive employment outcomes who had a significant disability																
Significantly disabled employed competitively	2,826		2,649		3,727		4,313		4,292		3,587		3,875		3958	
Employed competitively	4,211		3,804		4,918		5,317		5,050		3,819		3,978		4026	
<b>RSA Minimum Performance Level: 62.4%</b>	67.11%	P	69.64%	P	75.78%	P	81.12%	P	84.99%	P	93.93%	P	97.41%	P	98.31%	P
<b>Indicator 1.5</b> Ratio of average hourly VR wage to average state hourly wage																
Average hourly wage of competitively employed	\$8.29		\$8.61		\$8.45		\$8.63		\$8.66		\$9.01		\$9.20		\$9.57	
State average hourly wage	\$15.09		\$15.59		\$15.92		\$16.24		\$16.54		\$17.19		\$17.75		\$18.32	
<b>RSA Minimum Performance Level: .52</b>	0.550	P	0.552	P	0.531	P	0.531	P	0.523	P	0.524	P	0.518	F	0.522	P
<b>Indicator 1.6</b> Difference Between Percent Self-Supporting at Closure and Application																
Competitive Employment Outcomes	4,211		3,804		4,918		5,317		5,050		3,819		3,978		4026	
Primary Support is Own Income at Application	1062		961		1245		1308		1095		638		699		785	
% self-support at application	25.20%		25.26%		25.32%		24.60%		21.68%		16.71%		17.57%		19.50%	
Primary Support is Own Income at Closure	3405		3076		4025		4344		4092		2993		3027		3045	
% self-support at closure	80.90%		80.86%		81.84%		81.70%		81.03%		78.37%		76.09%		75.63%	
<b>RSA Minimum Performance Level: 53</b>	55.64	P	55.60	P	56.53	P	57.10	P	59.35	P	61.67	P	58.52	P	56.14	P

Indicators	2000		2001		2002		2003		2004		2005		2006		2007	
<i>Indicator 2.1</i>																
<b>Ratio of minority to non-minority service rate</b>																
Non-Minorities Exiting VR	13,890		12,941		14,092		14,115		14,628		12,389		12,340		12482	
Non-Minorities Who Received Services	6,792		6,128		6,022		5,857		6,799		4,699		4,747		5007	
Non-Minority service rate	48.9%		47.4%		42.7%		41.5%		46.5%		37.9%		38.5%		40.1%	
Minorities Exiting VR	3,407		3,208		3,574		3,789		4,281		3,457		3,807		3736	
Minorities Who Received Services	1,316		1,169		1,134		1,215		1,692		1,140		1,169		1318	
Minority service rate	38.6%		36.4%		31.7%		32.1%		39.5%		33.0%		30.7%		35.3%	
<b>RSA Minimum Performance Level: .80</b>	0.790	?	0.770	?	0.742	?	0.773	?	0.850	P	0.869	P	0.798	?	0.879	P

### Appendix C

#### RSB Eight Year Summary of Results of Standards 1 and 2

Indicators	2000		2001		2002		2003		2004		2005		2006		2007	
<b>Indicator 1.1</b>																
<b>Difference in the number of individuals with employment outcomes from prior year for general and combined agencies or prior two years for blind agencies</b>																
Current year employment outcomes	980		915		743		677		581		481		488		502	
Prior year employment outcomes	972		980		915		743		677		581		481		488	
<b>RSA Minimum Performance Level: Equal or exceed</b>	8	P	-65	F	-172	F	-66	F	-96	F	-100	F	7	P	14	P
<b>Indicator 1.2</b>																
<b>Percent with employment outcomes after services</b>																
Employment outcomes	980		915		743		677		581		481		488		502	
Individuals served	1,387		1,265		1,025		1,097		1,007		669		623		650	
<b>RSA Minimum Performance Level: 68.9%</b>	70.66%	P	72.33%	P	72.49%	P	61.71%	F	57.70%	F	71.90%	P	78.33%	P	77.23%	P
<b>Primary Indicators (1.3, 1.4, &amp; 1.5)</b>																
<b>Indicator 1.3</b>																
<b>Percent of all employment outcomes that were competitively employed</b>																
Employed competitively	486		551		536		495		449		444		457		454	
Employment outcomes	980		915		743		677		581		481		488		502	
<b>RSA Minimum Performance Level: 35.4%</b>	49.59%	P	60.22%	P	72.14%	P	73.12%	P	77.28%	P	92.31%	P	93.65%	P	90.44%	P
<b>Indicator 1.4</b>																
<b>Percent of individuals with competitive employment outcomes who had a significant disability</b>																
Significantly disabled employed competitively	486		549		534		495		446		437		453		453	
Employed competitively	486		551		536		495		449		444		457		454	
<b>RSA Minimum Performance Level: 89%</b>	100.00%	P	99.64%	P	99.63%	P	100.00%	P	99.33%	P	98.42%	P	99.12%	P	99.78%	P
<b>Indicator 1.5</b>																
<b>Ratio of average hourly VR wage to average state hourly wage</b>																
<b>Average hourly wage of competitively employed</b>	\$10.82		\$11.13		\$11.13		\$11.58		\$12.72		\$13.25		\$13.11		\$13.22	
<b>State average hourly wage</b>	\$14.72		\$15.32		\$15.75		\$16.08		\$16.33		\$16.88		\$17.47		\$18.04	
<b>RSA Minimum Performance Level: .59</b>	0.735	P	0.726	P	0.706	P	0.720	P	0.779	P	0.785	P	0.751	P	0.733	P
<b>Indicator 1.6</b>																
<b>Difference Between Percent Self-Supporting at Closure and Application</b>																
<b>Competitive Employment Outcomes</b>	486		551		536		495		449		444		457		454	
<b>Primary Support is Own Income at Application</b>	225		264		265		243		231		220		207		197	
<b>% self-support at application</b>	46.30%		47.90%		49.44%		49.09%		51.45%		49.55%		45.30%		43.39%	
<b>Primary Support is Own Income at Closure</b>	381		440		424		373		339		360		358		334	
<b>% self-support at closure</b>	78.40%		79.90%		79.10%		75.35%		75.50%		81.08%		78.34%		73.57%	
<b>RSA Minimum Performance Level: 30.4</b>	32.10	P	31.94	P	29.66	F	26.26	F	24.05	F	31.53	P	33.04	P	30.18	F

Indicators	2000		2001		2002		2003		2004		2005		2006		2007	
<b>Indicator 2.1</b>																
<b>Ratio of minority to non-minority service rate</b>																
<b>Non-Minorities Exiting VR</b>	703		579		475		640		391		339		340		373	
<b>Non-Minorities Who Received Services</b>	560		441		354		525		295		256		235		276	
<b>Non-Minority service rate</b>	79.7%		76.2%		74.5%		82.0%		75.4%		75.5%		69.1%		74.0%	
<b>Minorities Exiting VR</b>	171		202		140		177		100		68		111		106	
<b>Minorities Who Received Services</b>	131		133		97		121		66		52		80		59	
<b>Minority service rate</b>	76.6%		65.8%		69.3%		68.4%		66.0%		76.5%		72.1%		55.7%	
<b>RSA Minimum Performance Level: .80</b>	0.962	P	0.864	P	0.930	P	0.833	P	0.875	P	1.013	P	1.043	?	0.752	?

**Appendix D**  
**RSB Referral Sources for Individuals Closed Who Received Services for FY 2003 through FY 2007**

<b>Year</b>	<b>Total</b>	<b>Elementary/ Secondary Schools</b>	<b>Post Secondary Schools</b>	<b>Physician or Medical Personnel or Medical Institution</b>	<b>State or Local Welfare Agency</b>	<b>Community Rehabilitation Programs</b>	<b>Social Security Administration</b>	<b>One-stop Employment/ Training Centers</b>	<b>Self- Referral</b>	<b>Other Sources</b>
2003	646	17	4	44	18	6	18	1	379	159
Percent	100.0%	2.6%	0.6%	6.8%	2.8%	0.9%	2.8%	0.2%	58.7%	24.6%
2004	361	9	0	23	8	1	4	0	255	61
Percent	100.0%	2.5%	0.0%	6.4%	2.2%	0.3%	1.1%	0.0%	70.6%	16.9%
2005	308	4	0	21	10	1	4	0	216	52
Percent	100.0%	1.3%	0.0%	6.8%	3.2%	0.3%	1.3%	0.0%	70.1%	16.9%
2006	315	4	1	12	9	3	3	1	240	42
Percent	100.0%	1.3%	0.3%	3.8%	2.9%	1.0%	1.0%	0.3%	76.2%	13.3%
2007	335	10	2	12	10	5	4	0	221	71
Percent	100.0%	3.0%	0.6%	3.6%	3.0%	1.5%	1.2%	0.0%	66.0%	21.2%
<b>Blind Agencies</b>										
2003	11,582	293	75	2,566	254	473	274	110	5,414	2,123
Percent	100.0%	2.5%	0.6%	22.2%	2.2%	4.1%	2.4%	0.9%	46.7%	18.3%
2004	10,574	262	74	2,612	279	400	183	106	4,893	1,765
Percent	100.0%	2.5%	0.7%	24.7%	2.6%	3.8%	1.7%	1.0%	46.3%	16.7%
2005	10,254	295	59	2,531	243	367	134	109	4,827	1,689
Percent	100.0%	2.9%	0.6%	24.7%	2.4%	3.6%	1.3%	1.1%	47.1%	16.5%
2006	9,824	272	64	2,404	218	369	99	108	4,805	1,485
Percent	100.0%	2.8%	0.7%	24.5%	2.2%	3.8%	1.0%	1.1%	48.9%	15.1%
2007	9,750	290	69	2,344	230	314	83	113	4,742	1,565
Percent	100.0%	3.0%	0.7%	24.0%	2.4%	3.2%	0.9%	1.2%	48.6%	16.1%